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Development of Trade and Economic Relations of the BSEC Countries

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Abstract. The importance of international economic integration is underlined by the simultaneous conclusion by countries of regional trade agreements with various integration groups and individual countries, which is typical for Ukraine, which signed the Association Agreement with the EU, a number of free trade agreements and is part of the BSEC, which is especially important given the development of trade in Asia. The purpose of the study is to analyse the foreign trade relations of the BSEC countries and substantiate proposals for their deepening. The method of analysis was used in the work, including historical, abstract-logical, economic-mathematical, etc. The main perspective directions of BSEC cooperation are substantiated as a result of the analysis of scientific works on international economic integration on separation of the Asian region, economic indicators of countries and basic documents of the organization, separate normative-legal acts of Ukraine. The main exporters and importers were identified, the specific features of the BSEC commodity structure were clarified, the main exporting goods were identified, with the separation of agri-food products, foreign trade trends were analysed and some indicators of international trade were identified. The products that occupy the largest share in the country's exports to the group have been identified, which is a prerequisite for the establishment of joint ventures and can help increase their competitiveness. It was found that the group's exports increased more than the world, and the main exporters continue to remain so. The growth of intra-regional and total imports of the group was revealed, its structure was analysed. It is determined that the trade balance of most countries was mostly negative. The practical value is to identify the most promising areas of cooperation of the BSEC countries, which should promote their economic development, including – product positions for the development of domestic and extraregional trade, to increase demand inside and outside the region, producers' incomes and partially solve problems and food security in the world

Keywords: international economic integration, free trade zone, regional trade agreement, export, import

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Introduction

The development of integration processes in the world continues, in addition, there is a conclusion of new regional trade agreements by countries, the creation of integration groups, their expansion, the withdrawal of individual countries and disintegration processes in general. A striking example is the several stages of the enlargement of the European Union and the withdrawal of Great Britain.

Currently, one of the features of international economic integration is the participation of countries in various trade and economic associations at the same time, which is typical for some countries that are members of more developed integration groups. For example, given the United States' North American Free Trade Agreement with Canada and Mexico [1], and later UMSKA [2], the former has regional trade agreements with a number of countries, including Australia, Chile, Bahrain, Israel, Morocco, Panama, Peru, Singapore and others. At the same time, Canada has signed agreements with Israel, Panama, Peru, Ukraine, the European Union, Great Britain, the European Free Trade Association, etc., and Mexico with Argentina, Brazil, Chile, Colombia, Great Britain, Peru, etc. [3]. That is, there is a certain diversity, although there are some features that identify the attraction of countries, which depends on the level of their economic development, the presence of a common language, territorial proximity, etc. A similar pattern is observed for members of other groups, but it depends on the level of integration. Thus, countries concluding regional trade agreements with the EU sign them with all its members. Moreover, depending on the development of integration of the group, countries may conclude regional trade agreements with other countries or groups.

The development and importance of integration for countries remains one of the main issues, and in different regions. Thus, P. Claeys, H. Sanz-Morales, C. Turcu, analysing European and Asian integration, note that in Asia it has not reached a high level, but highlight the Association of Southeast Asian Nations (ASEAN). Researchers recall the desire to further strengthen the economic integration of the latter group, although it remains a free trade area, and explore its prospects and problems in parallel with the EU [4], which confirms the importance of both the integration process and the Asian region.

ASEAN countries are trying to continue trade liberalisation. S. Jagdamber, S.M. Mouzam, examining the impact of the Free Trade Agreement [3] between the group and India on certain categories of the latter's products, found an increase in trade, mainly conditioned upon trade creation, and singled out Indonesia and Vietnam, which will benefit the most ASEAN countries [5]. For example, ASEAN, the EU, MERCOSUR have seen the liberalisation of foreign trade with individual countries and integration groups. Trade flows in some countries are mainly directed to individual regions or countries, but their stability is not guaranteed for a number of reasons, so both commodity and geographical diversification of exports are needed.

Ç. Değer examining changes in the structure of Turkey's international trade during 1995-2012 identifies a shift in its trade with the EU to Asia [6]. Therefore, the existence of bilateral trade agreements with a number of countries is no longer surprising, although they may be located on different continents and differ in the level of economic development. Ukraine has also concluded a number of bilateral free trade agreements with dozens of countries, but it also remains a member of the Black Sea Economic Cooperation (BSEC) and the Organisation for Democracy and Economic Development (GUAM). Although exports are largely focused on the European market and Ukraine's European integration aspirations are well known, the market of the East, in particular the BSEC member states, continues to be important.

The BSEC has significant economic potential, given the availability of resources of its countries, population, scientific potential. The importance of cooperation is also evidenced by common goals, a number of documents of the group and others. The BSEC market is important for its countries, the share of exports to it did not fall below 10.6%, and for some exceeded 50%. The importance of regional trade for the BSEC member states is confirmed by the fact that their share of exports to the organisation was higher than, for example, Turkey (according to calculations made according to ITC). This is especially important in terms of population growth in the world, the need to increase product competitiveness, increase production, etc.

The purpose is to determine the peculiarities of foreign trade relations of the Black Sea Economic Cooperation and to develop proposals for deepening their development. *The tasks* are to study the development of foreign trade of the BSEC countries, identify the importance of regional trade for member countries and promising areas of cooperation, study of domestic and extra-regional trade.

Literature Review

The benefits of integration have led to the inclusion of almost all countries in this process. And as noted by V. Babenko, O. Poplavska, M. Tkach, M. Sidorov, V. Ovchynnikova and Y. Fomina [7], that at the present stage of international economic relations there are more and more integration groups, states seek to become their members to improve trade conditions. And in the era of globalisation, international trade (IT), as the oldest form of international economic relations, is being transformed into a global system and contributes to a qualitatively new stage in the development of the world economy. Scientists define integration processes as a characteristic feature of the modern development of the global system of international trade [7]. Moreover, integration processes are observed on all continents, and between countries have different levels of economic development.

Regarding Ukraine's integration, special attention is focused on the EU, due to the expectation of a number of benefits. Yes, V. Babenko, I. Perevozova, M. Kravchenko, M. Krutko, D. Babenko [8] argue for the development of mutual cooperation with the EU for sustainable development and considering the specific features of the Ukrainian economy, in particular: the EU is a large market, a good market for imports; trade with the EU is an important source of currency; production technology (there is a lack of capital to modernise existing and create new enterprises, and without modernisation of production Ukraine is unlikely to overcome the growing gap with economically developed countries, but entering the EU market will open access to Ukraine for foreign investors and capital); access to the European market of Ukrainian enterprises is important as a source of experience and practical skills to compete with producers in other countries; the development of cooperation with the EU will contribute to more efficient use of Ukraine's potential as a transit country, which means increasing revenues from exports of transport services and the development of related industries [8]. The level of development of the EU, its share in world imports, the development of technology and other factors confirm the benefits of cooperation with this group, which makes it attractive to many countries. This is evidenced by the development of trade, the existence of regional trade agreements with him and the desire of many countries to join the EU. However, the development of foreign trade and the conclusion of regional trade agreements with other countries are also important. Currently, Ukraine is a member of the Black Sea Economic Cooperation (BSEC), whose members are significant producers and exporters of strategic products and permanent trade partners of Ukraine.

The BSEC became a full-fledged regional economic organization in 1999, which was preceded by the conclusion of the Istanbul Declaration in 1992 [9; 10]. SI. Sokolenko believes that its importance is confirmed by the fact that the organisation is located at the junction of three continents, from the Baltic Sea to the Pacific Ocean, and from the Mediterranean and Adriatic Seas to the Arctic Ocean [11]. The defining characteristics are: the diversity of natural resources, a strong labor market that is competitive with other regions; high intellectual potential, activity of scientific institutions; consumer market of 330 million people, where there is a long high demand; the region is attractive for the development of international tourism [11]. Member States should take advantage of these benefits to develop tourism, which is typical of Turkey and Greece, and this can help increase demand for agri-food products.

According to Ukrainian scientists, the Black Sea Economic Cooperation (BSEC) is a potentially capacious market that could be key in trade between Europe, the Middle East and Asia [12]. G. Mikaelyan believes that this region is one of the most dynamically developing in the world [13]. A. Goncharuk and I. Troyan note that the BSEC is an example of a modern model of project-sectoral integration of economies of countries that differ in socio-economic level of development, economic structure, cultural and religious aspects of life. However, although the differences are growing, economic cooperation is important for the development of national economies, based on the implementation of joint projects in energy, transport and other areas [14]. We believe that some differences, such as natural resource potential, specialisation of production may promote integration, and others, including political aspirations, the main vector of integration, inhibit it, so we propose to divide them into two groups (those that promote and inhibit integration).

An important feature of the BSEC, according to G. Mikaelyan is that its activities contribute primarily to the development of trade, not trade. The use of regional potential will allow making a breakthrough in economic development, as was the case in Europe [13]. N.O. Kukharskaya believes that active participation in the BSEC opens up prospects for Ukraine's international economic relations, which can be defined as a southern vector that is underdeveloped [15]. I.Yu. Guzhva appropriately notes that almost all countries of the Organisation are members of the WTO, whose system provides a practical mechanism for exchanging information, which makes the MT transparent [16]. Research on Ukraine's integration focuses primarily on the EU, but it is advisable to take advantage of participation in the BSEC, which led to the study.

Materials and Methods

General scientific and special methods were used in the research process. The historical-logical method was used to study the development of international economic integration and, directly, the cooperation of the BSEC countries, which revealed its main directions, principles of organisation, goals, main mechanisms of interaction, etc. The method of comparison identifies the leading countries of the Cooperation, the largest exporters and importers of products.

Graphic and tabular methods were used to analyse the foreign trade of the integration group, which allowed to trace the main trends and study the structure of trade.

The method of analysis and synthesis revealed the influence of various factors on the development of cooperation, determined the importance of foreign trade relations of the BSEC countries, its market for them, considering participation in other integration groups, signed the most important regional trade agreements, natural resources, etc. The economic-mathematical method identified the importance of the group for foreign trade of its member countries, identified the most exported goods and compared their share in exports to the Organisation in total exports. Thanks to the method of analysis, the main export agri-food products have been singled out. Through the use of a systematic approach, the main directions of deepening cooperation and, in particular, trade within the BSEC are proposed.

Thus, to achieve this goal, methods of analysis were used to identify features of trade of the BSEC in general and its member countries, historical method, abstract and logical to determine promising areas of cooperation in the group, economic and mathematical, tabular, etc. The information base for the study of the development of foreign economic relations of the BSEC countries was the statistics of the World Bank [17], the Center for International Trade (ITC) [18], regulations of Ukraine [19; 20], international agreements [1; 2; 10] and etc.

Results and Discussion

Promising areas of cooperation and foreign trade of the BSEC countries

In recent years, there has been an increase in the number of regional trade agreements (RTAs) concluded simultaneously with countries on different continents and members of different integration groups. The BSEC covers the territory of the Black Sea coast, the Balkans, the Caucasus, with an area of almost 20 million square kilometers; 335 million people live in the region, the volume of trade in the region is 187 billion dollars. for a year; the region is the second largest source of oil and natural gas after the Persian Gulf, along with significant reserves of minerals, metals and other natural resources; and becomes Europe's main transport and energy corridor [9]. Areas of Black Sea cooperation were discussed at intergovernmental meetings in 1990-1992 and include joint projects on energy, telecommunications, transport, science and technology, agriculture and food industry, the creation of free economic zones, ecology [21, p. 29].

It is expected that with the increasing role of Black Sea cooperation in the world economy, the importance of Turkey will increase. Therefore, cooperation with it is promising, and significant benefits are projected [22, p. 273]. In addition, it is important to establish a free trade area (FTA) with it. Areas of cooperation under the BSEC Charter are: trade and economic development, cooperation between customs and other border authorities, banking and finance, science and technology, agriculture and agro-industry, energy, transport, environment; communications, healthcare and pharmaceuticals; tourism, exchange of statistics and economic information, etc. [19]. According to the BSEC Charter [19], the organisation should implement a number of principles and goals, including promoting the development and diversification of bilateral and multilateral cooperation; development of economic cooperation without violating the international obligations of the countries of the organisation; improving the conditions of entrepreneurial activity; considering the specific economic conditions and interests of members of the group; encouraging the process of economic cooperation of other interested enterprises, countries, international economic and financial institutions, etc. [19]. It is worth noting the differences between countries in terms of their socio-economic development, availability of natural resources, religious affiliation, WTO membership, some promoting integration and others hampering, so we propose to divide them into two groups of factors (those that contribute to and inhibit integration).

The principles set out in the Declaration on the Establishment of the BSEC [10] were proclaimed in a statement adopted at the summit of the group on 30 June 1995 and in the Declaration adopted at the meeting of heads of state on 25 October 1996, which set out the main mechanisms for cooperation and priority areas, the main of which are: gradual harmonisation of foreign trade and customs legislation, and unification of the tax and visa regime of the BSEC countries; state support of individual and collective initiative as an important factor in achieving the objectives set out in the 1992 Declaration [10]; stimulating the development of cooperation in various fields of interest [23, p. 607]; contribution to the development of a competitive economy in the Black Sea region; building the capacity and innovation capacity of enterprises and thus forming a new production capacity for bilateral and multilateral business contacts; creation of a regime of free movement of goods, services and capital, which will stimulate economic contacts, expand the boundaries of production cooperation, joint investments in the field of mutual interests; formation of security infrastructure due to the creation and development of joint financial and information networks; cooperation in agro-industrial complex, in particular on the basis of production of equipment for farms, production and processing of some grain; development of food and processing industry; cooperation on the development of a unified customs system and the formation of an effective mechanism of mutual settlements with the prospect of the formation of the Black Sea Payment Union; transition to the current transport and handling and warehousing technologies, construction of transport infrastructure facilities; use and protection of Black Sea resources; cooperation in the development of the region's fuel and raw material base and rational energy consumption as a result of joint financing of energy facilities, modernization of oil refineries, construction of oil and gas pipelines, etc .; development of a modern telecommunications system; implementation of joint projects of technological re-equipment of metallurgical industries [23, p. 608]. Moreover, a number of working groups have been set up to deal with relevant issues (Table 1).

Table 1. Coordination of the BSEC member states in the activities of working groups

No.	Workgroup	Countries
1.	Banking and finance	Greece, Turkey, Ukraine
2.	Communication	Turkey, Georgia, Moldova
3.	Railway transport	Albania, Greece, Russian Federation
4.	Energy	Armenia, Moldova
5.	Fighting crime	Russia
6.	Environmental protection	Bulgaria, Ukraine
7.	Health care	Georgia
8.	Science and technology	Romania
9.	Tourism	Turkey, Bulgaria, Romania
10.	Trade and economic cooperation	Ukraine, Armenia
11.	Transport	Georgia, Romania, Russian Federation

Source: [23, p. 610]

The Declaration states that economic cooperation will develop without violating the obligations of countries and will not hinder the development of relations with third parties, including international organisations, the EU, and cooperation within regional initiatives [10]. This is especially important given the participation in the EU and the desire of individual countries to do so. By the way, in the UN the Organisation has the status of an observer [13, p. 143]. A. Goncharuk and I. Troyan note: "In the context of dynamic development of economic integration, there are questions of determining trade aspects of deepening cooperation, because foreign economic activity of countries is increasingly becoming a key object of their integration relations" [14, p. 27-28]. Thus, the intensification of trade and economic cooperation of Ukraine in the BSEC is explained by the following: 1) participation is the only institutionalised area of subregional economic cooperation; 2) the most comprehensive realisation of national economic interests is facilitated by the intensification of trade cooperation within the Black Sea subregion; 3) economic cooperation with the countries of the subregion creates an alternative model of economic integration, based on centered strategic guidelines and project-sectoral approach to the implementation of trade relations [14, p. 31]. In general, the national interests of each country of the Organisation are highlighted, including Turkey's leadership, Azerbaijan – attracting foreign investment in innovation, technology transfer for technical support of basic export industries, Ukraine – increasing exports, intensifying foreign investment from BSEC and Black Sea Trade and Development Bank, diversification of gas and oil products supplies, diversification of markets for agro-industrial products, etc. [14, p. 32-33].

Important for cooperation is energy, which is associated with the transit status of the Black Sea subregion, and is a unifying element of the energy systems of Western Europe and North Asia. The country is concerned about the technical possibilities and economic justification for the developmentof a single energy system (in the group) and the relevant concept of energy development. The most profitable option for Ukraine in terms of energy supplies to Western Europe is the Black Sea-Ukrainian (Georgia-Ukraine-EU), although it is competing with the Iranian-Turkish, Caspian-Turkish, Black Sea-Romanian (Georgia-Romania-EU) and NABUCCO oil pipeline. In addition, the provision of tourist and recreational services is a profitable, although underdeveloped sector of trade cooperation. Health resources, nature reserves, territories of historical and cultural significance, recreational landscapes are a significant potential for tourism development [14, p. 37-38]. I.A. Troyan notes that the complex identification of disintegrating factors can be partially eliminated by their complex identification, analysis, and development of appropriate measures [24].

Subregional integration is also hampered by divergence in the social and economic standards of the grouping countries, especially in product standardisation. A common problem of the countries is the insignificant connection between scientific and technological research and national economic development. Thus, the International Center for Black Sea Research was supposed to promote the use of scientific and technical achievements and innovative projects for the development of economic cooperation, but there were no great successes, and most enterprises in the BSEC market are characterised by low technology [24, p.145]. The importance of science is confirmed by the international symposium "Integration of scientific systems of BSEC member states into the European scientific space: experience and prospects" (Kyiv, April 24-25, 2008), where round tables were held: "Experience and new opportunities in expansion scientific and technological cooperation of scientists within the BSEC and the EU: historical and sociological aspects"; "Application of European innovation indicators in the BSEC member states", "Improvement of national systems of training and certification of scientific personnel in the context of the Bologna process" [25, p. 57-58]. And the importance of the EU for the group is confirmed. The Istanbul Declaration of Science and Technology includes priority areas for joint projects, including trade, industry, energy, transport, communications, standardisation and certification, information exchange, tourism, agriculture, the environment, etc. The group also has a working group on science and technology, which should provide a mechanism for cooperation in the protection of intellectual property; promoting cooperation between regional academies of sciences, higher education institutions, research institutions and centers; organisation of regional exchange of scientific and technological achievements and databases of scientific and technological information. In addition, the group proposed the creation of a scientific space for the group, which contributed to the first conference of representatives of academic circles of the BSEC countries (1996, Athens), conferences of representatives of national academies of sciences (April, 2002), creation of the International Center for Innovative Technologies, the International Center for Black Sea Research, the International Center for Water, the Association for Seismic Protection of BSEC member states and others [25, p. 58]. At the same time, special attention should be paid to the development of mutually beneficial projects, the interaction of science and production in the agricultural sector. It is advisable to consider the differences in climatic conditions of these countries, the impact of climate change and, accordingly, their cultivation and production of certain types of crop and fish products, and the development of intra-industry trade depending on the season.

By the way, a significant share of income from Bulgaria, Georgia, Romania and Turkey comes from tourism and seaside resorts. For Azerbaijan, Armenia and Moldova, integration is beneficial only economically [13, p. 146-147]. It is believed that close cooperation between the Black Sea and the Mediterranean would be a promising area of cooperation, which would include the periphery of Europe and contribute to the realisation of the idea of a united Europe [26]. The BSEC is important for long-term cooperation with the Caucasus, the Middle East, Central Asia [16, p. 32]. Ukrainian scholars note the simultaneous cooperation of Ukraine in the western and eastern directions, in particular the BSEC, but emphasise the strategic perspective of comprehensive integration into the EU [27, p. 463].

It is worth noting the special importance of the BSEC for the EU in terms of trade, energy, transport, environment. The EU is an important economic and trade partner for the countries of the Black Sea region, with preferences playing a special role. The region is of strategic importance for the EU in terms of energy supply, and is important for the diversification of energy supplies, etc. [28]. The BSEC countries are trying to integrate into the EU. For example, from January 1, 1996, Turkey is a member of the CU with the EU, and since January 1, 2016, Ukraine – FTA with them [29, p. 20]. It is worth noting the Mediterranean strategy of the EU, in particular in the 60's. Special trade benefits received Morocco, Turkey, Cyprus, Spain [30, p. 70], and in 1994 the Mediterranean area was named a region of "strategic and priority importance" [30, p. 72]. This confirms the importance of working with him, but there are many difficulties.

They also see an important task in strengthening cooperation with the EU, primarily conditioned upon joint participation in high-level events of their EU and BSEC countries, the development of mechanisms for cooperation in individual sectors [16, p. 32]. The BSEC economic cooperation policy is not characterised by coherence, on the contrary, it is based on competition between leading countries and between other members of the group in sectoral projects. Thus, the optimisation of trade and economic cooperation should consider the national interests of most BSEC countries on a parity basis [24, p. 7]. There are two ways to develop the BSEC: 1) pessimistic scenario, ie the gradual absorption of programmes and the EU and other integration organisations, 2) optimistic – independent development of the group and the region, even to form an EU-like structure [13, p. 150-151]. Although, given the creation of different depths of associations in the Organisation, it seems quite unrealistic to create an FTA. To intensify trade and economic cooperation, it is necessary to resort to specialised and localised exchange of information [16, p. 33]. That is, the creation of the FTA is preceded by a significant amount of work, and a clearly defined plan with deadlines should help speed up this process.

However, free trade agreements have been signed by some BSEC member states, including Georgia and Turkey, Ukraine and Georgia, etc., which may also help strengthen trade liberalization within the group. The desire of some countries to join the EU raises questions about the effective development of BSEC integration, but the membership of Greece, Romania and Bulgaria in the EU, the low probability of other countries joining the Union and disintegration processes raise doubts about the latter.

By the way, there are factors that determine the viability of the BSEC in the future: a pragmatic approach, which involves considering the fundamental economic interests of the BSEC countries with an emphasis on the needs of countries with economies in transition; focus on the development of specific projects of cooperation in the most important areas: trade, agriculture, energy, transport, communications, tourism, environmental protection, while business circles are encouraged to implement them together with government agencies; development of bilateral and multilateral relations [31, p. 81]. In the long run, the most promising is cooperation in the production and marketing of the Middle East, Asia and Africa, agricultural products, engineering and information technology industry [32, p. 159]. This is of particular importance for Ukraine, which remains a significant exporter of agricultural products and has a strong scientific potential.

Given Ukraine's dependence on energy, we note the Cabinet of Ministers Resolution "On Approval of the State Target Economic Program for Energy Efficiency and Development of Energy Production from Renewable Energy Sources and Alternative Fuels for 2010-2021" (March 1, 2010 No. 243), aimed at "is to create conditions for bringing the energy intensity of Ukraine's gross domestic product closer to the level of developed countries and European Union standards,…, increase the efficiency of fuel and energy resources and strengthen the competitiveness of the national economy; optimising the structure of the energy balance, in which the share of energy from renewable energy sources and alternative fuels will be at least 10 percent in 2015, by reducing the share of imported fossil fuels, including natural gas, and replacing them with alternative energy sources [20]. Moreover, all BSEC countries (during the session of the Parliamentary Assembly) confirmed their interest in creating a common Black Sea electricity "ring". Back in the late 1990s, such a project was proposed in general, but in 2009. Georgia introduced the idea of the "ring", and Turkey and then other countries supported. The resource base of the project is the large hydropower and oil and gas resources of the region [33]. V.A. Kravchenko and A.K. Gudakov noted the improvement of macroeconomic indicators of Ukraine conditioned upon improved cooperation within the group [32, p. 157]. The benefits and opportunities of integration must be used, given the significant potential of the group's member countries. According to the World Bank [17], the BSEC has a population of 337.82 million, and most in Russia, Turkey, Ukraine, Romania, so it would be appropriate to focus on demand from these countries, with the highest population growth in Turkey (1.47%) (Fig. 1).

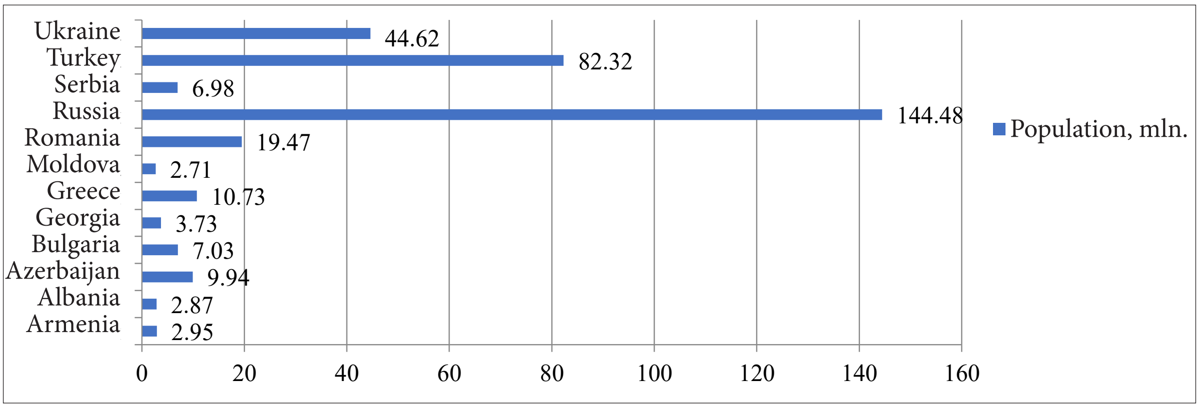

Figure 1. Population in the BSEC countries, 2018

Source: compiled by the author according to the World Bank [17]

The highest GDP growth is observed in Armenia (5.20%), Georgia (4.80%), Serbia (4.39%), Albania (4.15%), Romania (3.95%), and less in Russia (2.25%), Turkey (2.83), Ukraine (3.34%), Greece (1.93%). The highest inflation rate is observed in Turkey (16.44%), Ukraine (15.41%), Azerbaijan (11.87%), Russia (10.30%), and in other countries – below 6%, with the lowest in Albania (0.95%) and Greece (0.55%). The share of agriculture in GDP is highest for Albania (18.42%), Armenia (13.70%), Ukraine (10.14%), Moldova (10.08%), and the lowest for Greece (3.72%), Bulgaria (3.65%), Russia (3.15%), and in other countries did not exceed 7% and did not fall below 4%. By industry, the largest shares were for Azerbaijan (52.21%), Russia (32.07%), Turkey (29.47%), Romania (28.97%), the smallest for Georgia (19.22%), Greece (15.27%).

At the same time, exports of goods and services to GDP are highest for Bulgaria (66.94%), Azerbaijan (54.29%), Serbia (50.78%), Georgia (50.56%), Ukraine (45.21%), Romania (41.64%), Armenia (37.81%), and the lowest – Turkey (29.53%), Moldova (29.29%). In terms of imports, except Bulgaria (64.31%), Georgia (61.2%), Serbia (59.29%), Ukraine (53.81%), Armenia (53.48%), Romania (44.85%), the highest values were observed in Moldova (55.0%) and Albania (45.40%), and the lowest – Turkey (30.63%) and Russia (20.77%). In general, the first positions in trade were occupied by Bulgaria (109.09%), Serbia (89.15%), Ukraine (79.79%), Romania (74.07%), Moldova (74.02%), Georgia (70.87%), and the last Turkey (50.69%), Greece (47.98%), Russia (41.81%). That is, the countries with the highest rates are characterised by the greatest openness of trade. Given the importance of new technologies for economic development, it should be noted that the highest share of their exports in Greece (12.81%), Russia (10.96%), Romania (10.80%), Bulgaria (9.98%), and the lowest – in Moldova (2.53%), Turkey (2.33%) and Albania (0.05%). Regarding the inflow of foreign direct investment (FDI), the leaders are Turkey (13061.0 million dollars), Russia (8784.85), Romania (7343.56), Serbia (4107.32), Greece (4025.45), Ukraine (2476.0 million dollars), and for other countries the value did not exceed 1403.0 million dollars. (Azerbaijan), and were the lowest for Moldova (311.87) and Armenia ($ 254.15 million). In other words, the BSEC essentially singles out the leading countries such as Russia and Turkey, and trade with others is largely determined by export-import relations with them. The membership of Bulgaria, Romania and Greece in the EU is important for the development of trade and integration of individual BSEC countries with the EU.

Exports of the BSEC in 2018 amounted to 863.7 billion dollars, with the largest exporters being Russia (444.01 billion dollars), Turkey (167.97%), Romania (79.67%), Ukraine (47.35 billion) USD), they account for 85.6% of trade, and only Russia – 51.4%. The smallest exports were made by Georgia (3.35 billion dollars), Albania (2.88 billion), Moldova (2.71 billion), Armenia (2.41 billion dollars), and for other countries it did not fall below 20 billion USD. These same countries remained the largest exporters and importers.

It should be noted that the highest unemployment rates were in Greece (21.49%), Armenia (17.70%), Georgia (13.94%), Albania (13.75%), Serbia (13.48%), Turkey (10.82%), Ukraine (9.51%), and in other countries less than 6.16% (Bulgaria), with the lowest in Azerbaijan (5.0%), Romania (4.93%), Moldova (4.1%). In 2018, compared to 2017, there was a slight increase in unemployment in Turkey, and in Greece, Georgia, Serbia, Turkey, Ukraine, Bulgaria, Russia, Azerbaijan, Romania, Moldova decreased, and most in Greece. In the exports of the BSEC [30] the largest share is occupied by the commodity group "Mineral fuels; oil and products of its distillation", which in 2018 amounted to 32.5%, and during 2010-2018 varied from 26.5% to 46.7%. There was a decrease, in particular, until 2015 it did not fall below 43.7%, and later did not exceed 32.5%. Also predominant in exports are ferrous metals (5.8% in 2018), land transport, except rail (5.4%), nuclear reactors, boilers, machinery (4.8%), electric machinery (4.5%), cereals (2.6%), pearls, precious or semi-precious stones (2.1%), their share in 2018 did not fall below 2.1%. Less than 2%, but more than 1% of total exports (in 2018) accounted for ferrous metal products, plastics, polymeric materials, aluminum and aluminum products, wood and wood products, clothing and clothing accessories, knitted, copper and articles thereof, clothing and clothing accessories, textiles, rubber, rubber, ores, slag and ash, fats and oils of animal or vegetable origin, fertilizers, furniture. This trend was maintained with a few exceptions. Among agri-food products, the largest share in exports is occupied by cereals (2.6% in 2018), fats and oils of animal or vegetable origin (1.1%), edible fruits and nuts (0.8%), and if in 2010 it amounted to 1.1%, 0.7% and 0.8%, respectively, then in 2018 2.6%, 1.1% and 0.8%, i.e. the inclusion of fruits and edible nuts, which are not changed, there was an increase.

Importance of regional trade for BSEC member states

Consider the commodity structure of exports of the BSEC countries. In 2018, the share of Albania's exports to the BSEC amounted to 18.85% of its total exports. The largest share was occupied by ferrous metals (share in exports to the BSEC was 20.23%; and in Albanian exports 10.45%), mineral fuels, oil and its products (12.98% and 13.33%), vegetables (7.51%, 2.39%), clothing and clothing accessories, textile (7.40%, 11.00%), clothing and accessories, knitted (7.3%, 8.36%), salt, sulfur, earth and stones (5.74% and 2.38%), footwear (4.12%, 19.34%), aluminum and aluminum products (3.55%, 2.5%), products vegetable processing (3.21%, 0.63%), and the top ten included vegetables and products of their processing. Moreover, the value of all these goods did not fall below 3%, in total they accounted for 72.05% of exports to the group, in total exports of Albania – 70.38%.

Almost half of Armenia's exports, 42.11%, come from the BSEC countries. Among the goods that exported the most: ore slag and ash (their share in exports to the BSEC was 27.77%, and in total exports of Armenia 23.37%); clothing and clothing accessories, textile (8.19% and 6.61%); clothing and clothing accessories, knitted (5.04% and 2.24%); pearls (4.46% and 12.9%); vegetables (2.68% and 1.19%); edible fruits and nuts (2.46% and 1.06%); vegetable processing products (2.19% and 1.13%). Their share in exports to the group was 52.8%, and in total exports of Armenia – 48.49%. The share of any of these goods did not fall below 2% in exports to the Organisation. Vegetables sell more agri-food products; edible fruits and nuts; vegetable processing products.

As for Azerbaijan, in 2018 almost 20% of its exports went to the BSEC. Mineral fuels are mainly exported; oil and products of its processing, their share in exports to the Organisation amounted to 73.31%, and in total exports of Azerbaijan 91.74%. Also the most exported are: edible fruits and nuts (values were 7.12% and 1.67%, respectively); vegetables (5.94% and 1.20%); cotton (2.49% and 0.56%); aluminum and articles thereof (2.33% and 0.58%). The share of these goods did not fall below 2% in exports to the group; In total, these five product groups accounted for 91.19% of exports to the BSEC and 95.74% of Azerbaijan's exports. Among the main goods sold by Azerbaijan are agri-food products, including edible fruits and nuts and vegetables.

Almost a third (28.01%) of Bulgaria's exports go to the BSEC countries. Mineral fuels are exported the most; oil and products of its refining (the share in exports to the BSEC is 9.68%, and in total exports of Bulgaria – 8.45%); nuclear reactors, boilers, machinery (7.57% and 8.15%); electric machines (6.56% and 10.94%); copper and articles thereof (5.37% and 8.94%); ferrous metal products (5.28% and 3.03%); ferrous metals (4.44% and 2.37%); plastics, polymeric materials (4.25% and 2.95%); pharmaceutical products (3.67% and 3.18%); cereals (3.65% and 3.65%); means of land transport, except rail (3.23% and 3.13%); glass and glass products (2.49% and 1.40%); wood and wood products (2.12% and 1.05%). The share of exports to the BSEC of any of these goods was not less than 2%, and together amounted to 58.3%, and relative to total exports of Bulgaria – 57.22%. Among agri-food products, grain was the most exported.

Trade within the BSEC is also important for Greece, in particular, the Organization's countries account for 17.4% of its exports. The largest share falls on mineral fuels, oil and products of its distillation (the share in the BSEC exports is 31.7%, and in the total exports of the country – 34.33%); plastics, polymeric materials (7.68% and 3.53%); nuclear reactors, boilers, machinery (4.94% and 4.75%); ferrous metals (4.62% and 1.95); aluminum and its products (4.61% and 5.24%); edible fruits and nuts (3.82% and 2.67%); copper and articles thereof (3.3% and 2.01%); toys (2.73% and 0.8%); electric machines (2.22% and 2.98%). These goods account for 65.61% of exports to the BSEC and 58.1% of total Greek exports, with exports of each falling below 2%. The largest share falls on industrial products, and agricultural products – edible fruits and nuts. The importance of the BSEC for Greece, which is a member of the EU, shows the feasibility and necessity of developing foreign trade relations and concluding RTUs with different countries.

The BSEC is of particular importance to Georgia, as it accounts for more than half of its exports (53.94%). Among the goods that Georgia exports the most ore, slag and ash (their share in exports to the BSEC is 22.32%, and in the country's total exports – 19.85%); ferrous metals (16.49% and 16.28%); clothing and clothing accessories, knitted (3.75% and 2.10%); fertilizers (3.54% and 4.04%); mineral fuels, oil and products of its distillation (3.37% and 4.12%); nuclear reactors, boilers, machinery (3.16% and 2.73%); edible fruits and nuts (2.73% and 3.10%); pharmaceutical products (2.54% and 4.45%). The share of each of these goods in the BSEC did not fall below 2.5%, and in general the share of their exports to the group was 57.9%, and in the total exports of Georgia – 56.67%.

It is difficult to overestimate Moldova's trade with the BSEC, which accounts for almost half of its exports (49.3%). The largest share falls on electric machines (their share in exports to the BSEC was 29.65%, and in total exports 19.45%); seeds and fruits of oilseeds (13.9 and 8.95); edible fruits and nuts (7.45% and 7.67%); pharmaceutical products (4.36% and 2.66%); cereals (4.22% and 8.23%); clothing and clothing accessories, knitted (3.55% and 4.13%); clothing and clothing accessories, textile (3.32% and 7.22%); glass and glass products (3.10% and 1.89%). They accounted for 65.99% of exports to the BSEC and 60.18% of Moldova's exports. The smallest share of exports of each of these goods to the BSEC did not fall below 3%. Seeds and fruits of oilseeds were the most exported from agri-food products (13.9% and 8.95%); edible fruits and nuts (7.45% and 7.67%); cereals (4.22%).

Although Russia is one of the largest suppliers of the BSEC, only 10.6% of its exports went to the group, of which mineral fuels, oil and refining products account for 40.56%, and in total exports they account for 52.87%. Among the goods that Russia exports, ferrous metals also occupy the largest share (their share in exports to the BSEC was 9.19%, and in the country's total exports – 5.2%); cereals (3.57% and 2.33%); nuclear reactors, boilers, machinery (2.55% and 2.04%). The share of these goods in exports to the group was 55.86%, and in total exports of Russia – 62.44%, and separately for each product group did not fall below 2%. It is worth paying attention to the significant volumes of grain exports.

Romania's share of BSEC exports was 13.2%, higher than Russia's, although the former is a member of the EU. However, the commodity structure of Romanian exports is quite diversified, and among the goods that exported the most to the group, the share of each of which exceeded 2% – mineral fuels, oil and its products (their share in exports to the group is 18.13%, and in Romanian exports – 4.36%); means of land transport, except rail (10.39% and 17.36%); electric machines (9.69% and 17.62%); nuclear reactors, boilers, machinery (8.23% and 11.0%); ferrous metals (8.13% and 2.89%); plastics, polymeric materials (3.9% and 2.32%); cereals (2.5% and 3.23%); seeds and fruits of oilseeds (2.49% and 1.79%); ferrous metal products (2.41% and 3.12%); rubber, rubber (2.35% and 3.41%); essential oils (2.2% and 0.52%); pharmaceutical products (2.13% and 1.12%). They account for 72.54% of exports to the BSEC and 68.73% of Romania's total exports. Among the goods that Romania exports the most to the BSEC are agricultural products, including cereals and seeds and fruits of oilseeds.

Almost a fifth (19.33%) of Serbia's exports are to the BSEC. Among the goods that were mostly exported to the group and the share of exports exceeded 2% – grain (the share of exports to the Organization was 7.37%, and in total exports of the country – 2.42%); electric machines (7.17% and 13.55%); ferrous metals (6.57% and 5.39%); copper and articles thereof (6.28% and 3.41%); rubber, rubber (5.62% and 4.86%); nuclear reactors, boilers, machinery (5.41%

and 6.99%); plastics, polymeric materials (5.3% and 5.02%); mineral fuels, oil and products of its distillation (5.26% and 2.9%); edible fruits and nuts (5.19% and 3.05%); paper and cardboard (4.5% and 2.5%); clothing and clothing accessories, knitted (3.77% and 2.57%); pharmaceutical products (2.86% and 1.43%); organic chemical compounds (2.47% and 1.48%); seeds and fruits of oilseeds (2.02% and 0.95%). These goods accounted for 69.79% of exports to the BSEC and 56.53% of Serbia's total exports. Among agri-food products, grain was the most exported; edible fruits and nuts, as well as seeds and fruits of oilseeds.

Turkey directs only 10.8% of its exports to the BSEC. Among the goods that sell the most nuclear reactors, boilers, machinery (the share in exports to the group is 11.06%, and in Turkish exports – 9.43%); means of land transport, except rail (8.7% and 15.93%); ferrous metals (6.31% and 6.88%); electric machines (5.94% and 5.19%); plastics, polymeric materials (5.93% and 3.6%); ferrous metal products (5.9% and 3.89%); edible fruits and nuts (5.41% and 2.36%); mineral fuels, petroleum and its products (3.23% and 2.63%); knitted fabrics (3.12% and 0.91%); clothing and clothing accessories, knitted (2.98% and 5.39%); clothing and clothing accessories, textile (2.33% and 3.73%); furniture (2.1% and 1.86%). The share of exports to the group of each of these groups exceeded 2%, and together they accounted for 63.01% of exports to the group, and 61.8% of total exports of Turkey. Among agricultural products, the Organization exported the most edible fruits and nuts (their share exceeded 5%, and in the country's total exports – 2%). Moreover, the share of exports of certain product groups is smaller than some BSEC countries, in particular Moldova, Georgia, Azerbaijan, although its volumes are higher. For example, the share of ferrous metals exports to the BSEC of Turkey was 6.31%, and Georgia – 16.49%.

More than a fifth of Ukraine's exports (20.7%) go to the BSEC. Among the goods that are exported the most – ferrous metals (their share in exports to the BSEC was 27.24%, and in exports of Ukraine – 20.99%); inorganic chemistry products (7.41% and 1.87%); nuclear reactors, boilers, machinery (6.87% and 3.64%); electric machines (4.83% and 6.19%); ores, slag and ash (4.18% and 6.41%); seeds and fruits of oilseeds (3.89% and 4.13%); ferrous metal products (3.56% and 2.34%); wood and wood products (3.45% and 3.15%); plastics, polymeric materials (2.88% and 1.29%); paper and cardboard (2.71% and 1.02%); cereals (2.12% and 15.3%). The share of each of these goods exceeds 2%, and in total they accounted for 69.13% in exports to the BSEC and 66.34% in exports of Ukraine. Seeds and fruits of oilseeds (3.89% and 4.13%) and cereals (2.12% and 15.3%) are the most exported of agri-food products, their total share of exports to the group was lower than in the total exports of Ukraine, and was 6.01% and 19.42%, respectively.

In general, the BSEC is a very important grouping for each country, in particular taking into account their share of exports to the Organization, population, commodity diversification of exports and others (Table 2).

Table 2. Trade indicators of the BSEC countries within the group

Countries	Share of exports to the BSEC	The share of individual goods whose exports did not fall below 2% to the BSEC	The number of some product groups whose exports did not fall below 2%	Agro-food products, which are mostly exported to the BSEC
Armenia	42.11	52.8	7	Vegetables (07) Edible fruits and nuts (08) Vegetable processing products (20)
Albania	18.85	74.8	10	Vegetables (07) Vegetable processing products (20)
Azerbaijan	19.95	91.19	5	Vegetables (07) Edible fruits and nuts (08)
Bulgaria	28.01	58.30	12	Cereals (10)
Georgia	53.94	57.90	8	Edible fruits and nuts (08)
Greece	17.44	65.61	9	Edible fruits and nuts (08)
Moldova	49.29	69.55	8	Seeds and fruits of oilseeds (12) Edible fruits and nuts (08) Cereals (10)
Romania	13.17	72.54	12	Cereals (10) Seeds and fruits of oilseeds (12)
Russia	10.59	55.86	4	Cereals (10)
Serbia	19.33	69.79	14	Seeds and fruits of oilseeds (12) Cereals (10) Edible fruits and nuts (08)
Turkey	10.79	63.01	12	Edible fruits and nuts (08)
Ukraine	20.68	69.13	11	Seeds and fruits of oilseeds (12) Cereals (10)

Source: calculated by the author based on ITC data [31]

Given the importance of the agricultural sector, it is worth noting which types of agri-food products account for the largest share in the exports of the BSEC countries to the group (Table 3).

Table 3. Agricultural products, which occupy the largest share in the exports of the BSEC countries to the group

Freight group	Countries
Crops	Bulgaria, Moldova, Romania, Russia, Serbia, Ukraine
Seeds and fruits of oilseeds (12)	Moldova, Romania, Serbia, Ukraine
Vegetables	Armenia, Albania, Azerbaijan;
Edible fruits and nuts (08)	Armenia, Azerbaijan, Georgia, Greece, Moldova, Serbia, Turkey
Vegetable processing products	Armenia, Albania

Source: calculated by the author based on ITC data [31]

The development of trade within the BSEC is important for its member countries both in relation to all and, directly, agri-food products, and some countries are its main exporters, which may help strengthen their position in the world market.

Intra-regional trade of the BSEC

Exports of the BSEC of all goods from 2001 to 2018 (2019) increased from 178,209.2 million dollars up to 866575.7 million dollars (841326.3 million dollars), i.e. 4.9 times (4.7 times), and more than in the world – 3.2 times (3.1 times). The largest exporters are Russia, Turkey, Romania and Ukraine, and this was observed both in 2018 (2019) and in 2001. Although in 2001 the share of Ukraine (9.1%) was higher than Romania (6.4%), but in 2018 the situation changed, and for the first it was 5.5%, and for the second – 9.2%. The smallest exporters remained Albania, Moldova, Georgia and Armenia, their share in the group's total exports did not exceed 0.3% (and 0.4% in 2019), and in 2018 these countries accounted for 1.2% BSEC exports. Greece, Bulgaria, Azerbaijan and Serbia sold more products, and in 2018 their share did not fall below 2.2% (Azerbaijan, Serbia), but did not exceed 4.6% (Greece). The share of Russia was not less than 46.2%, and in 2006 reached a maximum of 59.1%, although from 2001 to 2018 it decreased from 56.0% to 51.9%, and in 2019 amounted to 50 , 3% (Table 4). For Turkey, the figure increased from 17.6% in 2001 to 19.4% in 2018 (20.3% in 2019), and during this period ranged from 15.2 to 23.1%. Gradually and significantly decreased the share of Ukraine, in particular in 2001 it was 9.1%, and in 2018 (2019) was the minimum – 5.5%, the maximum value was 9.8%. The share of all countries, except Russia, Ukraine, Greece and Moldova, in the group's total exports in 2018 increased compared to 2001 (and compared to 2019, except for the first three countries).

Table 4. Share of BSEC member states in total exports of the group, 2001-2019

Exporters	2001	2005	2010	2012	2014	2015	2016	2017	2018	2019	Min. value	Max. value
Russia	56.0	58.3	57.0	57.8	55.9	50.3	46.2	48.7	51.9	50.3	46.2	59.1
Turkey	17.6	17.7	16.3	16.8	17.7	21.7	23.1	21.4	19.4	20.3	15.2	23.1
Romania	6.4	6.7	7.1	6.4	7.9	9.1	10.3	9.6	9.2	9.3	5.9	10.3
Ukraine	9.1	8.3	7.4	7.6	6.1	5.8	5.9	5.9	5.5	5.5	5.5	9.8
Greece	5.8	4.2	4.0	3.9	4.0	4.3	4.5	4.4	4.6	4.5	3.7	5.8
Bulgaria	2.9	2.8	3.0	2.9	3.3	3.8	4.3	4.3	3.9	4.0	2.7	4.3
Azerbaijan	1.3	1.1	3.1	2.6	2.4	1.9	2.2	2.1	2.2	2.3	1.0	5.7
Serbia	0.0	0.0	1.4	1.2	1.7	2.0	2.4	2.3	2.2	2.3	0.0	2.4
Georgia	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.2	0.4
Moldova	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.2	0.4
Albania	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3
Armenia	0.2	0.2	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.1	0.3

Source: calculated by the author based on ITC data [31]

The share of exports of all BSEC goods in world exports increased from a minimum of 2.9% in 2001 to 4.5% in 2018 (2019), and the maximum value was 5.2%. For Russia, the indicator is the highest and ranged from 1.6 to 2.9%, and in 2018 (2019) it was 2.3%, ie its growth was observed. For other countries the share was smaller, and the largest for Turkey, although not exceeding 0.9%, for Romania and Ukraine the maximum value was 0.4%, Azerbaijan – 0.3%, Greece and Bulgaria – 0.2%, and Serbia – 0.1%, Georgia and Moldova – 0.02%, Albania (except 2001) and Armenia – 0.01%.

Exports of the BSEC countries within the group increased from 25522.0 million dollars. in 2001 to 114136.0 million dollars in 2018 (116765.1 million dollars in 2019), i.e. 4.5 (4.6) times, although its share in total BSEC exports decreased from 14.3% to 13.2%, respectively (13.9% (2019), and ranged from 12.5% (2014) to 17.9% (2008). The share of exports to the organisation of land transport also decreased; electric machines, nuclear reactors, boilers, machines; milk and dairy products, poultry eggs, natural honey, finished grain products, and among the above product groups most of the milk and dairy products, poultry eggs, natural honey. And the minimum and maximum value of the indicator were equal to 7.3% and 24.1% for land transport, respectively; electric machines 10.0% and 18.1%; nuclear reactors, boilers, machinery 14.7% and 25.8%; milk and dairy products, poultry eggs, natural honey 16.1% and 50.9%; finished grain products 14.8% and 25.5%; 9.6% and 18.7% of vegetable products. However, the share of regional exports of mineral fuels, oil and refined products from 7.2% to 10.0% (10.7% (2019)) increased, and during the whole period varied from 6.6% to 11.2%, ferrous metals – from 17.3 to 20.5% (22.5% (2019)) and ranged from 16.7% – 27.0%, and certain groups of agricultural products, in particular, vegetables from the minimum 10.7% to 33.4% (37.1% (2019)), but did not exceed 47.3%, edible fruits and nuts from a minimum of 14.5% to 29.3% (29.6% (2019)), and the largest value was 31.4%, oilseeds from 18.2 to 20.0 (26.9 (2019)), and ranged from 17.3% to 34.1% , and the share of vegetables and edible fruits and nuts increased the most (by 26.4% and 15.1%, respectively). That is, a significant percentage of BSEC trade is accounted for by intra-regional trade, with the lowest share of these products was 6.6% for mineral fuels, oil and refined products (2014).

In 2018 (2019), compared to 2001, all BSEC countries increased exports of goods to the group, with Albania, Azerbaijan and Armenia the most, including 12.9 times, 12.3 and 12.0 times, respectively, and the largest exporters Russia, Turkey, Romania and Ukraine – 4.2 times, 6.4; 8.3 and 1.7 times, with Ukraine being the lowest among all BSEC countries.

Imports of BSEC goods in 2018 amounted to 780320.5 million dollars, an increase of 1.6 times compared to 2006 and 5 times compared to 2001. The largest share is accounted for by nuclear reactors, boilers and machinery, although it did not exceed 14.2% and mineral fuels, oil and its products; electric machines; means of land transport, except for rail, for which the minimum and maximum value was 9.6%-16.2%, 8.9%-10.6%, 7.4%-9.0%, respectively. The main imported goods are presented in Figure 2.

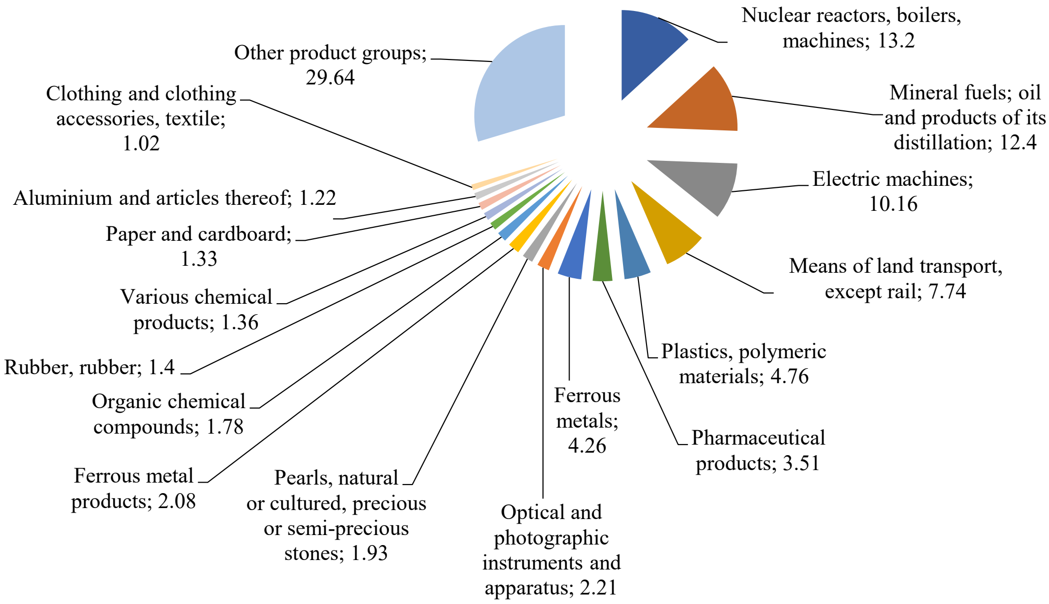

Figure 2. Share of basic goods in BSEC imports in 2018, %
Source: compiled and calculated by the author according to ITC [18]

Among agri-food products, the most imported were edible fruits and nuts (their share in total imports varied within 1.0%-1.1%), meat and edible offal (0.7%-1.4%), seeds and fruits of oilseeds (0.5%-0.8%); milk and dairy products, poultry eggs; natural honey (0.5%-0.8%); various food products (0.5%-0.6%); cereals (0.4%-0.6%); fats and oils of animal or vegetable origin (0.5%-0.7%).

In 2018, compared to 2010, the share of pearls, precious or semiprecious stones and reactors of nuclear, boilers and machinery increased the most in total imports, although the share of the latter was significantly higher than the former, in 2018 it was 13.2% and 1.9%. Among agri-food products, the largest growth is characteristic of live animals, seeds and fruits of oilseeds, cereals, finished products and grain. However, the share of mineral fuels, oil and refined products in imports decreased the most; meat and true by-products, pharmaceuticals, paper and cardboard, ships. As for agri-food products, they are also sugar and sugar confectionery; fats and oils; edible fruits and nuts; vegetables.

Intra-regional imports of all BSEC goods increased from $ 93424.0 million. in 2006 to 117386.4 million dollars. in 2018, ie 1.3 times, and compared to 2001 – 4.4 times. Its share in the group's total imports varied from 13.4% to 19.0%, with a general decrease, in 2001 and 2018 the values were 17.3% and 15.0%, respectively. One of the largest is the share of intra-regional imports of mineral fuels, oil and refined products in their total imports, which decreased from 43.0% in 2001 to a minimum of 39.0% in 2018, and in 2010 even more half of 56.4% bought within the group. For ferrous metals, the values of the indicator decreased and ranged from 32.8% to – 56.3%. A significant part is accounted for by intra-regional trade in fertilizers, in particular the share of imports did not fall below 34.1% (2018) and reached 62.9% in 2003, although it decreased in 2018 compared to 2001 by 28.8%. Less than 9% was the share of exports of land transport, except for rail (5.0-7.3%), electric vehicles (4.7%-6.7%); nuclear reactors, boilers, machinery (5.2%-8.3%); pharmaceutical products (2.2-4.5%). Regarding agri-food products, the share of regional grain imports increased significantly, in particular from a minimum of 15.2% in 2001 to a maximum of 71.0% in 2018, as well as vegetables – from a minimum of 14.5% to 26.3%, and reached the highest 28.5% in 2009, edible fruits and nuts (ranged from 19.1% to 29.5%), seeds and fruits of oilseeds (8.9%-30.6%), finished products from grain (15.9%-20.8%), but decreased in milk and dairy products, poultry eggs, natural honey (7.8%-27.0%), vegetable processing products (15.4%-23.3%). That is, the share of regional trade in these products was quite high, and the lowest did not fall below 7.8% for milk and dairy products, poultry eggs, natural honey.

The largest importers from the BSEC countries are Russia and Turkey, which account for more than half of imports. In 2018, compared to 2001, the share of imports from Russia, Turkey, Romania, Serbia, Azerbaijan, Georgia, Moldova, Armenia increased, and decreased – Greece, Ukraine, Bulgaria, Albania.

The share of imports of the BSEC countries in world imports increased from 2.47% in 2001 to 3.94% in 2018, and its maximum value was 5.01%. This is typical for most countries, except Greece (its share decreased from 0.45% to 0.33%). Although for Ukraine there was a slight increase from 0.25% to 0.29%, but the highest values were in 2003-2013, when they did not fall below 0.30% (2003), and in other years did not exceed 0.29% (2014, 2018). The largest importers are Russia and Turkey. Only for them the values were greater than 1%, and for Romania, Greece and Ukraine – did not exceed 0.58%, Bulgaria and Serbia – 0.23%, Azerbaijan and Georgia – 0.06, Albania, Moldova and Armenia – 0.04%. And this is understandable based on the size and economic potential of the BSEC countries (Fig. 3).

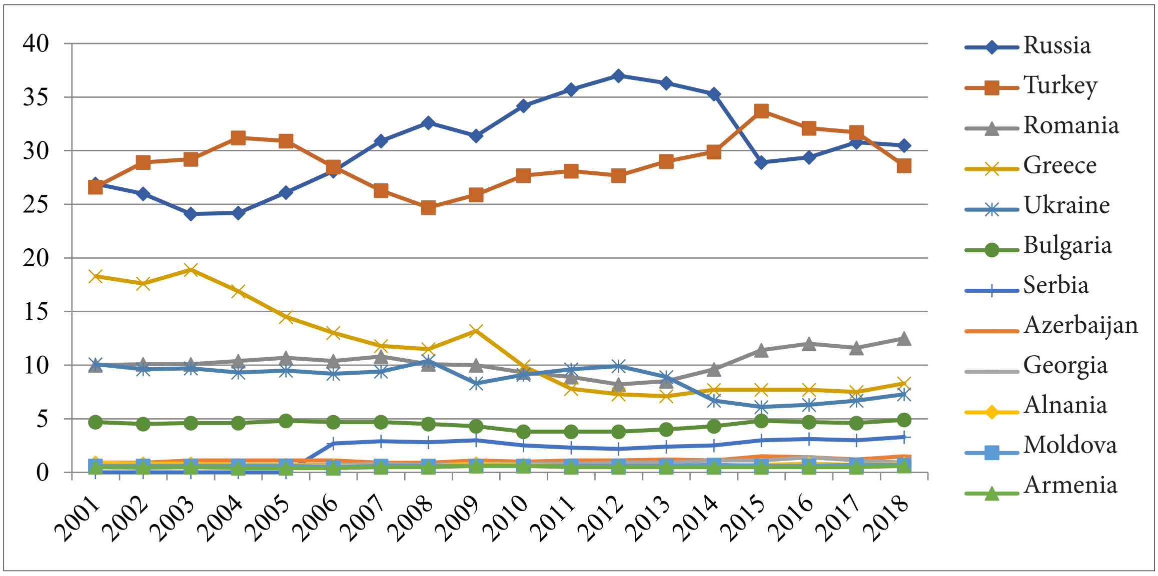

Figure 3. Change in the share of BSEC member states in the group's total imports, 2001-2018, %**Source**: calculated by the author based on ITC data [31-32]

Regional imports of the BSEC countries increased from 2001 to 2018 by 4.4 times, namely from 26954.8 to 117386.4 million dollars. Turkey, Russia, Romania, Bulgaria, Greece and Ukraine import the most from the Organization, in particular, in 2018 the share of their imports was 28.0%, 13.3%, 12.7%, 10.3%, 9.5%, respectively, and 10.0%. And Serbia, Azerbaijan, Georgia, Moldova, Armenia and Albania in 2018 accounted for 4.4% and 3.5%, respectively; 3.2; 2.2; 1.6; 1.4%, ie a total of 16.3% of imports from the group. Although the values of the shares changed, for example in 2001 and 2010 for Ukraine they were more than 20%. In 2018, compared to 2001, the imports of Azerbaijan and Georgia increased the most, in particular by 11.1 times and 10.2 times, respectively, and the least by Ukraine – 1.9 times.

During 2001-2018, the trade balance was negative, which is typical for Turkey, Bulgaria, Greece, Serbia, Georgia, Moldova, Armenia and Albania. Although for Romania, Ukraine and Azerbaijan in some years there was an active, in particular the first in 2010-2014, the second in 2007-2008 and 2014-2016, the third in 2010-2012. And only the balance of Russia throughout the period remained positive, and in 2001-2006 and 2017-2018 one of the countries of the union. In other words, the BSEC includes countries with significant potential, there is a development of trade between them, but the success of integration will be determined by a number of factors. This indicates the presence of significant potential of the BSEC countries, the prospects for the development of foreign economic relations, regional trade, but it is necessary to take into account disintegration factors, which are quite difficult to level.

Therefore, it is advisable to focus on the common goals and economic potential of the BSEC countries, and to achieve them effectively by using resources. Particular importance should be given to joint research and energy projects, and to promoting the group's food security. As member states import products, Ukraine is a major producer, it is advisable to increase exports to them. At the same time, special importance should be given to agri-food products, as Ukraine is one of its largest exporters, and it is desirable to support the export of ready-made products. Since the exports of individual countries are dominated by the same types of products, the creation of joint ventures could help increase their competitiveness, expand their position in the world market, more stable supply and more.

A. Honcharuk and I. Troyan [14] note that their economic cooperation is important for the development of national economies of the BSEC member states. It is difficult to disagree with this, given the importance of intra-regional trade for them and the size of the group's population, but it is quite problematic that, in parallel with the same goals, there are those who block integration. A.S. Babashina and M.G. Nikitin believe that the main obstacles to the integration of the BSEC include inequality in economic development [34, p. 4], although, on the other hand, there are positive consequences of the integration of different levels of economic development, including between the US, Canada and Mexico, the creation of groups North-South, so integration into the BSEC can be successful under such conditions. The opinion of M. Plaksenko deserves attention – he said that the expansion of cooperation with the EU is one of the priorities of the BSEC [35], which is especially important given the Association Agreement between Ukraine and the EU, membership of Romania, Bulgaria and Greece in the EU, European integration aspirations of individual countries. S. Radzievska also notes that Ukraine's membership in the BSEC "strengthens its competitive advantages in the markets of transport services, as well as in the sale of agro-industrial, machine-building… complexes" [36], but special attention should be paid to improving product quality, modern demand in EU and other developed countries. Conflict resolution and coordination on specific issues could help increase product competitiveness, trade development and, in general, national economies.

Conclusions

With the increase in the number of integration groups, the BSEC stands out, considering its territory, population (over 300 million people), natural resource and scientific potential, and Ukraine's participation. It is advisable to develop joint projects in science and technology, energy, agriculture, ecology and international tourism, which also helps increase demand for agri-food products. In addition to the common goals of countries, they are characterised by differences that can promote or inhibit integration, and which would be appropriate to divide into two groups of factors. It is worth focusing on deepening the interaction of science and production in the agricultural sector, the development of VGT. Turkey is interested in integration, although it aspires to join the EU, as does Ukraine. Free trade agreements have been concluded between individual countries, including Ukraine-Georgia, Turkey-Georgia, and others. The region is important for the EU, in particular in terms of energy supply. At present, the establishment of the BSEC FTA is not very likely, although it depends on a number of factors and their changes.

The BSEC is a large market, with the share of exports to the latter not falling below 10.6% for all its countries and exceeding 17.44%, except for Russia (10.59%), Turkey (10.79%) and Romania (13.17%), and for Georgia it reached 53.94%. Commodity groups, which account for more than 2% of exports to the BSEC, account for more than half of the group's exports. For the largest exporters and importers, the share of exports to the group was the lowest compared to other countries, including Russia, Turkey, Romania – did not exceed 13.17% (Romania), and Armenia, Georgia and Moldova did not fall below 42.11%. The importance of the BSEC market should not be underestimated. Thus, the share of exports of Bulgaria, Greece and Romania, which are members of the EU, in their total exports to the Organization was 28.01%, 17.44% and 13.17%, respectively, and Russia (10.59%) and Turkey (10.79%) was smaller.

Of the agri-food products, the BSEC countries mainly export to the group – cereals, seeds and fruits of oilseeds, vegetables, edible fruits and nuts, vegetable products. The largest share in its exports is occupied by vegetables in Armenia, Albania, Azerbaijan; edible fruits and nuts – Armenia, Azerbaijan, Georgia, Greece, Moldova, Serbia, Turkey; vegetable processing products – Armenia, Albania; grain – Bulgaria, Moldova, Romania, Russia, Serbia, Ukraine; seeds and fruits of oilseeds – Moldova, Romania, Serbia, Ukraine. The largest exporters of these products can set up joint ventures to process agricultural raw materials, in particular to create and exchange new technologies to improve the quality and export of products both inside and outside the group. Mineral fuels, oil and refined products account for a significant share of exports in Albania (12.98% in exports to the BSEC and 13.33% in the country's exports); Azerbaijan (73.31% and 91.74%), Bulgaria (9.68% and 8.45%), Greece (31.7% and 34.33%), Russia (40.56% and 52.87%)), Romania (18.13% and 4.36%). Given Ukraine's energy dependence and their importance, in particular for the agricultural sector, it is advisable to develop cooperation and trade on mutually beneficial terms. The union's exports grew 4.9 times more than the world, and the largest exporters as in 2001 remain Russia, Turkey, Romania and Ukraine, and the smallest – Albania, Moldova, Georgia and Armenia.

Imports of the BSEC countries have increased, with the largest share coming from nuclear reactors, boilers and machinery, mineral fuels, oil and refining products; electric machines; means of land transport, except for rail, and from agri-food products – edible fruits and nuts, meat and edible offal, seeds and fruits of oilseeds; milk and dairy products, poultry eggs; natural honey; various food products; crops; fats and oils of animal or vegetable origin. And the share of pearls, precious or semiprecious stones and nuclear reactors, boilers, machines, and of agri-food products – live animals, seeds and fruits of oilseeds, cereals, ready-made products and cereals – increased the most in total imports. There is also an increase in intra-regional imports, although its share in general decreased slightly, and in general varied between 13.4% (2016) – 19.0% (2006).

The trade balance in 2001-2018 was consistently positive in Russia alone; Romania, Ukraine, Azerbaijan – in some years (for the first in 2010-2014, the second in 2007-2008 and 2014-2016, the third in 2010-2012), and all other countries – constantly negative. Prospects for the development of the BSEC depend on the agreed policies of member countries, in particular on trade policy and others. The BSEC has significant production and export potential, a significant supply of resources, trade between its member countries is developing, but no significant development of integration has been achieved so far, and this depends on the coherence of trade policies, cooperation, goals and mechanisms.

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Розвиток торговельно-економічних відносин країн ОЧЕС

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Анотація. Важливість міжнародної економічної інтеграції підкреслюється одночасним укладанням країнами регіональних торговельних угод з різними інтеграційними угрупуваннями і окремими країнами, що характерно і для України, яка підписала Угоду про асоціацію з ЄС, низку угод про вільну торгівлю і входить до складу ОЧЕС, що особливо важливо з огляду на розвиток торгівлі в Азії. Метою дослідження є аналіз зовнішньоторговельних відносин країн ОЧЕС і обґрунтування пропозицій щодо їх поглиблення. У роботі використовувся метод аналізу, а також історичний, абстрактно-логічний, економіко-математичний та ін. Обгрунтовано основні перспективні напрями співробітництва ОЧЕС в результаті аналізу наукових праць щодо міжнародної економічної інтеграції з виокремленням Азійського регіону, економічих показників країн й основних документів організації, окремих нормативно-правових актів України. Визначено основних експортерів та імпортерів, з'ясовано особливості товарної структури експорту ОЧЕС, виявлено основні товари, що експортують, з виокремленням агропродовольчої продукції, проаналізовано тенденції зовнішньої торгівлі та визначено окремі показники міжнародної торгівлі. Виявлено продукти, які займають найбільшу частку у експорті країн до угрупування, що є передумовою для створення ними спільних підприємств і може сприяти підвищенню їх конкурентоспроможності. З'ясовано, що експорт угрупування зріс більше ніж світовий, і основні експортери продовжують залишатись ними. Виявлено зростання внутрішньо регіонального та загального імпорту угрупування, проаналізовано його структуру. Визначено, що торговельне сальдо більшості країн переважно було від'ємним. Практична цінність полягає у виявленні перспективних напрямів співробітництва країн ОЧЕС, що має сприяти їх економічному розвитку, а також – товарних позицій для розвитку внутрішньо та позарегіональної торгівлі, з метою підвищення задоволення попиту в та поза межами регіону, доходів виробників і частково вирішення проблеми продовольчої безпеки у світі

Ключові слова: міжнародна економічна інтеграція, зона вільної торгівлі, регіональна торговельна угода, експорт, імпорт

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Features of the Functioning of Budget Managers as the Main Actors of the Public Sector

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Abstract. The relevance of the research topic is that the effectiveness of the public sector of Ukraine depends on the successful activities of its subjects. In the conditions of reforming the sphere of state property management is actively developing, privatisation processes are taking place, the volume of property lease is increasing, active work is being done with ownerless property and property of deceased heritage. The problem of effective management and use of property assigned to the relevant administrator of budget funds or identified as a result of inventory is brought to the fore . Institutions do not have a developed mechanism for such operations, answers to such questions are not found in the regulatory framework and there is a lack of knowledge about the use of management tools for such property. It is important to study the activities of managers of state and local budgets as the main actors in the public sector. The methodological basis of the study is a systematic approach, and the use of methods of synthesis and analysis to determine the structure and dynamics of revenues of budget managers in Ukraine. The article identifies the main actors of the public sector, outlines the structure of the public sector, substantiates the influence of budget managers on the development of the public sector. The analysis of the structure and dynamics of own and other incomes of budget managers is carried out, the recommendations on their increase are generalised. The necessity of increase of efficiency of management of property of the state and municipal property and increase of volumes of receipts and sources of financing of managers of budgetary funds is proved. The practical value of the article is to develop the main directions and measures of the programme to improve the management of state (municipal) property for budget managers, the use of which will effectively manage the property of the institution, increase existing and additional revenues, and positively affect the state and quality of maintenance of state and communal property

Keywords: state budget, local budget, budget revenues, communal property, executive bodies, intergovernmental transfers

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Introduction

The development and management of Ukraine's public sector depends on the success of its main players. The structure of public sector actors includes authorities at various levels, subordinate institutions and state and non-state institutional units. The main participants in the process of managing budget resources are the authorities – managers of budget funds, who are constantly working to replenish state and local budgets in order to use them effectively. Today the nature of state property management is changing, privatisation processes are taking place, the process of transferring state and municipal property for lease on a competitive basis, alienation of property, work with ownerless property and property of deceased heritage is developing, therefore, it is important to increase the efficiency of the use of property assigned to the appropriate administrator of budget funds or identified as a result of inventory. At present, there is no clear mechanism for such operations, there is a limited regulatory framework and lack of knowledge on the use of tools to manage such property. Therefore, there is a need to research and develop new approaches and methods to improve the management of state and municipal property.

International experience shows that an important way to ensure the strategic development of the main managers of budget funds and increase the efficiency of their activities is the maximum interaction of central government and local government, leading to maximum effects in their property management and infrastructure development [1]. The international community has identified strategic guidelines for improving the activities of budget managers in the direction of improving the management of state and municipal property [2]. Analysing the works of Ukrainian scientists, it is worth mentioning S.M. Serohina, I.A. Chykarenko [3], N.V. Smentyna [4], which conducted research on effective management of communal property on the basis of the implementation of valuation activities and identified criteria for assessing the effectiveness of their use.

Other scientists: E. Borodin, I. Chykarenko [5] substantiated ways to increase the efficiency of use of state and communal property by expanding forms of control and strengthening personalised responsibility. Also N. Borisocheva [6] identified problems regarding the inconsistency of the system of legal regulation in the management of state and communal property and the powers of their activities.

Recommended by T. Ovcharenko et al. [7] models and approaches of effective financial management are integrated with the objectives of the Public Financial Management System Reform Strategy. Modern approaches to the study of problems related to the development of management of state and municipal property are covered in the works of L.A. Pidopryhora [8], A.Yu. Shturba [9] and O.Yu. Obolenskyi et al. [10]. However, measures to increase the efficiency of budget managers, search for alternative sources of replenishment of state and local budgets through effective management of state and municipal property are insufficiently covered.

The purpose of the study is to generalise the areas of improvement of budget managers and develop a mechanism for effective management of state and municipal property.

General Characteristics of the Structure of the Public Sector of the Economy

In the scientific environment, the concept of "public sector" is used to structure the economy considering sectoral, organisational, economic and financial characteristics. The public sector includes enterprises that are state-owned and under the control of public authorities; or the private sector, which is not subordinate to the state but is a user of public funds. Investigating the specific features of economic activity in market conditions distinguish between public sector, non-productive and financial. In particular, optimising and increasing the share of the public sector is the basis for the country's financial stability. The development of institutional sectors of the public sector, which are included in the relevant levels of government, is important in ensuring the effectiveness of public finance management at the national and subnational levels and provides an opportunity to analyse the financial performance of public authorities and local governments.

Examining the structure of the public sector, it is important to mention the classification of sectors of the economy of Ukraine, which is given in the Classification of Institutional Sectors of the Economy of Ukraine, approved by the State Statistics Service of Ukraine from 12/03/2014 No. 378 [11] (hereinafter – Classification). According to this Classification, the country's economy generally includes a set of institutional units that are resident and grouped into five institutional sectors according to their functions, activities and goals, while each institutional unit belongs to one of the following sectors:

1. Non-financial corporations sector – this sector includes institutional units that are mainly engaged in the production of goods and can provide non-financial services.
2. Financial corporations sector – this sector includes institutional units that provide financial services and financial intermediation services.
3. General government sector – this sector includes institutional units, the specific features of which are the performance of political functions, economic regulation and redistribution of income and revenues, while they provide services on a non-market basis.
4. Household sector – this sector includes institutional units, in particular natural persons-entrepreneurs, who can produce goods or non-financial services.
5. Sector of non-profit institutions serving households – this sector includes units that provide non-market services to society as a whole or individually to households whose resources are formed through voluntary contributions [11].

The structure of the public sector consists of the general government sector, public non-financial and financial corporations (Fig. 1).

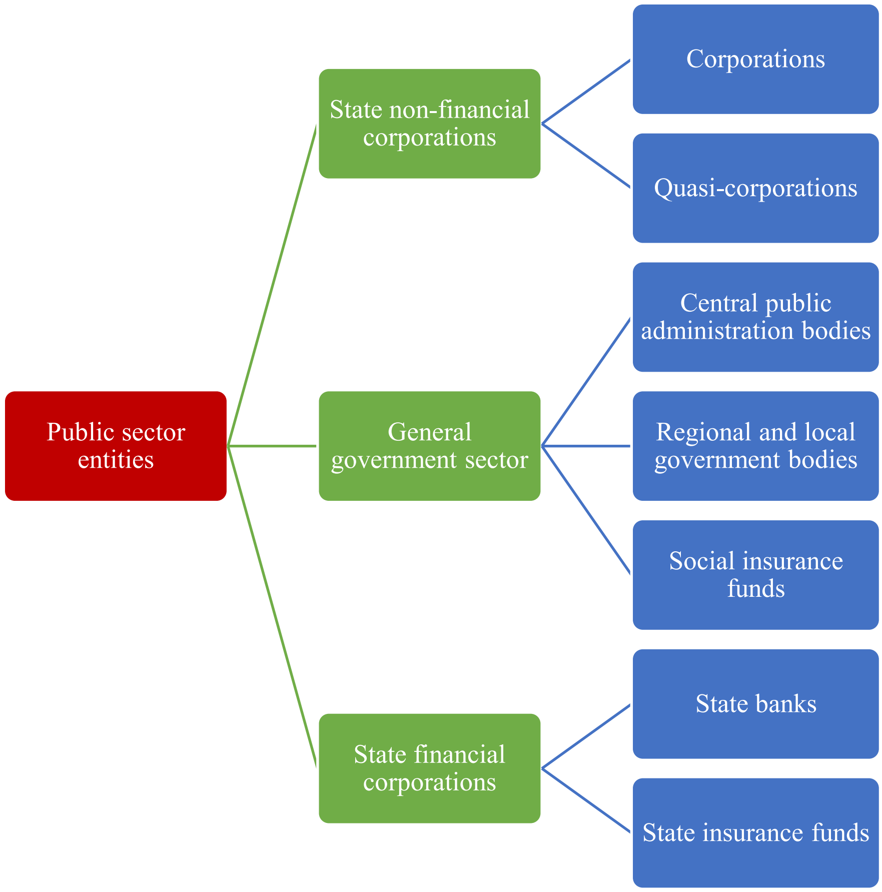

Figure 1. Structure of public sector entities in accordance with the Classification of Sectors of the Economy of Ukraine
Source: developed by the author based on the source [13]

Thus, the general government sector as the main component of the public sector includes:
- central authorities;
- regional and local authorities;
- social insurance funds.

The subsector of central authorities of Ukraine includes such institutions as: ministries, public services, agencies, inspections, state committees, territorial bodies.

The subsector of regional and local authorities includes: institutional units that belong to local governments.

Social insurance funds consist of institutional units and include social security funds that operate at all levels of government.

Thus, the development of the public sector depends on the successful operation of central, regional and local authorities, which are the managers of state and local budgets. Such bodies interact with each other, in particular, the functions of central authorities are performed by public authorities and local governments, because these functions:

1) may be delegated by the state to local governments;

2) the functions of the executive power in their content are objectively inherent in local self-government as a form of realisation of public power in general, the components of which are recognised as both state government and local self-government. At the same time, functions can be delegated to local self-government bodies and state executive bodies.

In the conditions of decentralisation, local self-government bodies are endowed with their own powers, opportunities to independently manage their activities and bear direct responsibility in accordance with Law of Ukraine "On Local Self-Government in Ukraine" [12]. At the same time, local self-government bodies are provided with certain powers, in the implementation of which they are subordinate to the executive authorities. In general, the most important issues related to local self-government: "territorial communities of villages, settlements, cities directly or through the local self-government bodies formed by them manage communally owned property; approve programmes of socio-economic and cultural development and control their implementation; approve the budgets of the relevant administrative-territorial units and control their implementation; establish local taxes and fees in accordance with the law; ensure the holding of local referendums and the implementation of their results; form, reorganise and liquidate utility companies, organisations and institutions, and exercise control over their activities; decide other issues of local importance, referred by law to their competence" [12].

Thus, proper management of executive bodies will contribute to the implementation of the basic principle of functioning of the state mechanism as an appropriate combination of centralisation and decentralisation in the management of society and the state.

Regulatory and Legal Support for the Activities of Budget Managers

Based on the above, we conclude that the successful operation of executive bodies and local governments significantly affects the development and efficiency of management of central, regional and local public sector bodies. These bodies of the general government sector in accordance with the Budget Code of Ukraine (hereinafter – BCU) are managers of budget funds at different levels of government [13]. The Budget Code of Ukraine stipulates that budget managers are divided according to the amount of rights granted into: chief budget managers and lower-level budget managers. According to the terms of the BCU, the budget system of Ukraine consists of:

1) state budget;

2) local budgets:

- *the budget of the Autonomous Republic of Crimea;*
- *regional budgets;*
- *district budgets;*
- *local government budgets* [13].

Therefore, in Ukraine, the managers of budget funds of the state and local budgets operate. In particular, according to the Report on the Results of the State Treasury Service of Ukraine (hereinafter – STSU) for 2020 (hereinafter – the Report), it is determined that the number of managers of budget funds included in the network at the end of 2020 was 11,094 state budget institutions and 24,775 institutions local budget. However, compared to 2019, the number of institutions has decreased [14]. The grouped data are given in Table 1.

Table 1. The number of managers of budget funds of the state and local budgets as of 12/31/2020

Years	2019	2020	Change
National budget	13 443	11 094	-2349
Local budget	23 300	24 775	1475

Source: developed by the author based on the source [13]

Apparently, the number of state budget managers decreased by 2,349 institutions, mostly due to the reform and reorganization of institutions. There is an increase in managers of local budget funds, the number of which increased by 1475 institutions, which indicates the development of territorial communities.

Chief administrators receive budget allocations by approving them in the Law on the State Budget of Ukraine or by a decision on the local budget; may decide to delegate their powers to lower-level budget managers to maximise the implementation of the relevant budget programme, through the distribution of budget allocations (revenues). Each year in the State Budget of Ukraine (or by decision on the local budget) the main administrators receive the revenues planned in the budget, but in fact the amount may be different, depending on their effective use. Estimates of lower level budget managers are approved by the main budget managers. The estimate consists of two parts:

- *general fund* , including revenues and expenditures of the general fund, their distribution is carried out according to its economic classification of budget expenditures in order to perform its main functions depending on the specifics of the industry;
- *special fund*, includes revenues and expenditures of the special fund, their distribution is carried out according to the economic classification of budget expenditures for expenditures, considering the priority areas of the institution.

The procedure for compiling, reviewing, approving and basic requirements for the implementation of estimates of budgetary institutions was approved by the Resolution of the Cabinet of Ministers of February 28, 2002 No. 228 [15].

Estimates of the main managers of the State Budget are approved by the Order of the Ministry of Finance of Ukraine [16]. According to the Classification of Budget Revenues, revenues include:

- tax revenues;
- non-tax revenues;
- own revenues of budgetary institutions;
- income from capital transactions;
- trust funds;
- official transfers [16].

According to the STSU Report for 2020, state budget revenues (general and special funds together) amounted to 1,076.0 billion UAH (100.8% of annual targets) [14]. Compared to 2019, revenues were 77.7 billion UAH or 7.8% higher (Fig. 2).

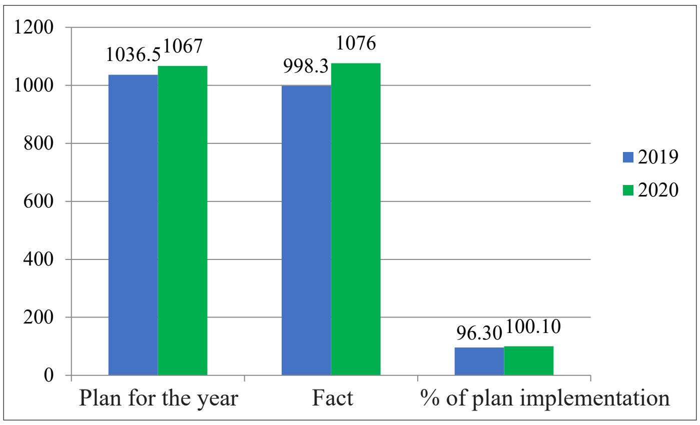

Figure 2. Dynamics of state budget revenues for 2019-2020

Source: developed by the author based on the source [13]

Thus, the general fund of the state budget amounted to 877.6 billion UAH (102.1% of the annual targets), comparison of these indicators with 2019 showed that revenues were reduced by 2.2 billion UAH (0.3%). The special fund of the state budget (including the amount of own revenues) amounted to 198.4 billionUAH (95.3% of annual targets), comparing these indicators with 2019, it is seen that revenues amounted to 79.9 billion UAH (67.4%). Regarding the local budget, in particular in 2020, revenues without intergovernmental transfers decreased by 11.1 billion UAH, the main change occurred in intergovernmental transfers, which decreased by 100.1 billion UAH, as shown in Figure 3.

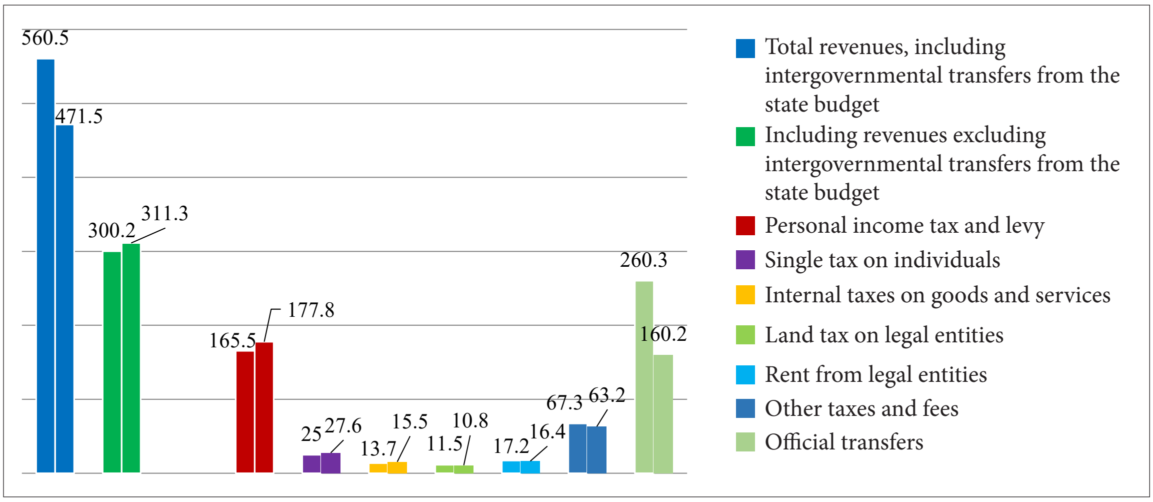

Figure 3. Dynamics of local budget revenues in 2020, compared to 2019

Source: developed by the author based on the source [13]

At the same time, revenues increased mainly due to: income tax and levies of individuals – by 12.3 billion UAH; single tax on individuals – by 2.6 billion UAH; domestic taxes on goods and services – by 1.8 billion UAH.

The Main Types of Revenues of Budget Managers

Managers of budget funds can significantly influence the replenishment of budgets, primarily by increasing revenues from the special fund, and seek alternative management solutions to increase own revenues, other own revenues related to capital transactions or other revenues from grants, charitable contributions, etc. According to the Classification of Budget Revenues, approved by the Order of the Ministry of Finance dated 01/14/2011 No. 11, managers of budget funds can influence the increase of such basic types of revenues, which are listed in the Table 2.

Table 2. The main types of income of the special fund of budget managers

Code	Name	Types of income
25000000	**Own revenues of budgetary institutions**	Includes receipts received in the prescribed manner as payment for services, work and purpose, attracting grants, gifts and charitable contributions, as well as income from the sale of property in the prescribed manner
30000000	**Income from capital transactions**	Funds from the sale of property received by the state or territorial community by inheritance or gift, ownerless property, etc.
40000000	**Official transfers**	Receiving transfers from government agencies, the European Union, foreign governments, international organisations, etc.

Source: developed by the author based on the source [13]

One of the promising areas of public sector development is the filling of state and local budgets by increasing the own and other revenues of budget managers. To determine strategic guidelines, we will analyse the amount of own and other revenues of managers of budget funds of the state budget, considering the targets for 2022 in accordance with the Draft Law "On State Budget of Ukraine for 2022" [17]. Table 3 presents the analysis of incomes by managers of budgetary funds of the state budget of 2019-2022 is resulted. Analysing these tables shows that during 2020-2021 the volume of revenues (excluding intergovernmental transfers) increased by 12.26% in 2021, in 2022 it is planned to increase them by 10.4%. In 2021, own revenues increased by 5.81%, in particular, revenues from fees for services provided by budget managers increased by 16.48%, but the largest changes are observed in the group of other sources of own revenues, which increased by 156.7%.

Table 3. Analysis of revenues of managers of budget funds of the state budget 2020-2022 (thousand UAH)

		2020		2021		2022		Structural deviation, %		
Code	Name according to the classification of budget revenues	app. VRU for the reporting year, considering changes from 11/14/2019 No. 294-IX	Specific weight, %	app. VRU for the reporting year, taking into account changes from 12/15/2020 No. 1082-IX	Specific weight, %	Project of app. VRU for the reporting year, subject to changes	Specific weight, %	2021/2020	2022/2021	2022/2020
25000000	***Own revenues of budgetary institutions***	37372516.8	3.69	38540721.7	3.39	42641125	3.39	3.13	10.64	14.10
25010000	*Proceeds from payment for services provided by budgetary institutions in accordance with the law*	36177582.7	3.57	38281301.9	3.37	42140700.5	3.35	5.81	10.08	16.48
25020000	*Other sources of own revenues of budgetary institutions*	194934	0.02	259419.8	0.02	500424.5	0.04	33.08	92.90	156.71
31000000	***Proceeds from the sale of fixed capital***	49198	0.00	51720.9	0.00	31318.3	0.00	5.13	-39.45	-36.34
40000000	**Official transfers**	10519585.4	1.03	12352561.6	1.08	11963891	0.94	17.42	-3.15	13.73
42000000	***From the European Union, foreign governments, international organisations, donor institutions***	1756136.5	0.17	1966331.3	0.17	1171056.7	0.09	11.97	-40.44	-33.32
41000000	***From public administration bodies***	8763448.9	0.86	10386230.3	0.90	10792834.3	0.85	18.52	3.91	23.16
	Total income	1022051935	100.00	1147876117	100.00	1267393399	100.00	12.31	10.41	24.00
	Total revenues (excluding intergovernmental transfers)	1013288486	100.00	1137489887	100.00	1256600565	100.00	12.26	10.47	24.01

Source: developed by the author based on sources [17-19]

Thus, it is worth noting that according to the BCU, own revenues of budget managers are divided into the following groups:

- 1st group – revenues from fees for services provided by budgetary institutions in accordance with the law;
- 2nd – other sources of own revenues of budgetary institutions.

Each group has its own subgroups, the composition of which is shown in Figure 4. Thus, budget managers can receive their own and other revenues, but this aspect depends on the effectiveness of their management. In particular, effective management of state and communal property owned by budget managers will significantly increase their revenues. To implement the relevant measures, special attention should be paid to identifying gaps that are inherent in the managers of budget funds, namely:

1) institutions do not have complete and systematic information about assets, in particular the inventory of property is carried out formally, no comparison of actual property data with accounting data and title documents, no analysis of controlled real estate for legality and correctness of legal and accounting of these objects;

2) limited regulations that should determine the general procedures for the management of state or municipal property;

3) the full range of property management tools is not used [20].

In this regard, the strategic guidelines for managers of budget funds of state and communal property are proposed to develop and implement a programme to improve the efficiency of property management (state) communal property.

Responsibility for the development of this Regulation should be borne by the body authorised to manage state and municipal property. The main purpose of such a programme is:

– rational, cost-effective, predictable and managed management of the institution's property;

– improving the quality of maintenance and improving the condition of state or communal property, providing public services of the highest quality;

– receipt of additional funds and property to the state or local budget.

Prior to the application of the Programme, institutions need to conduct a current technical inventory of state or municipal property; registration of ownership of real estate.

For the successful use of the proposed Programme, the main directions of its implementation measures are identified, which are shown in Table 4.

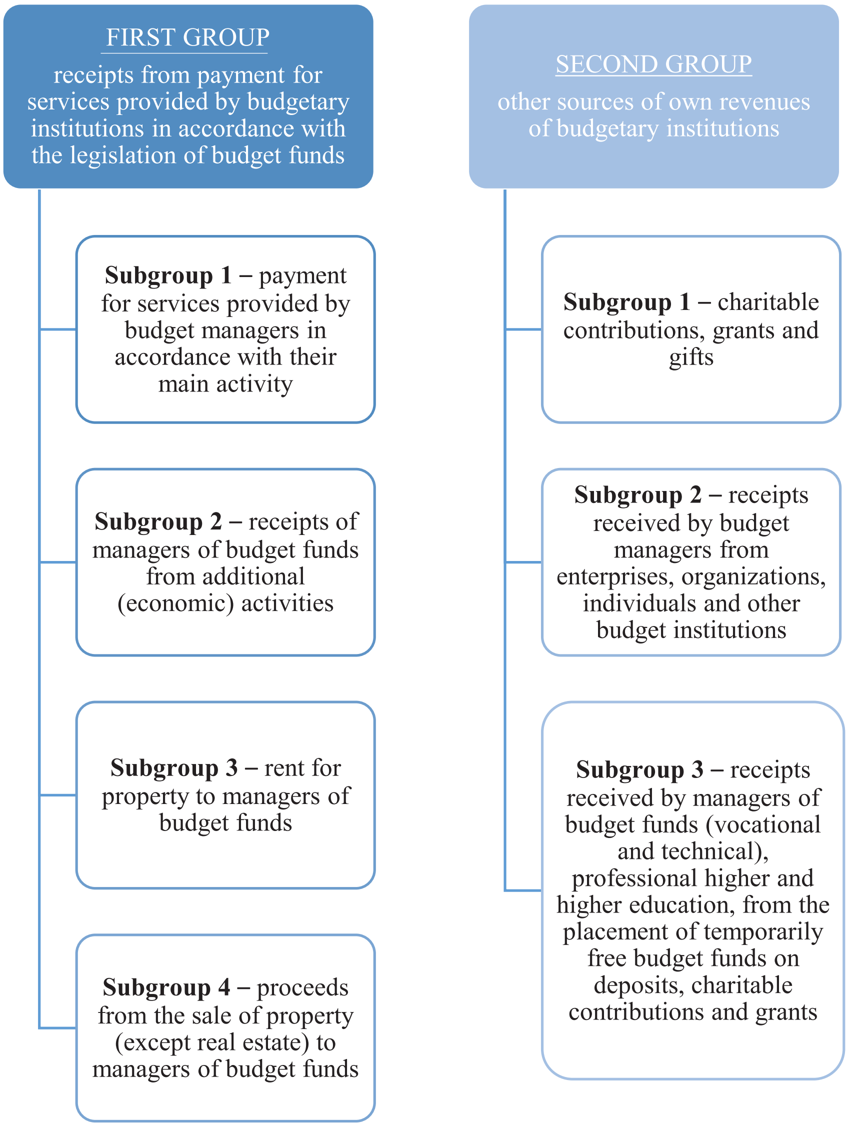

Figure 4. Types of own and other revenues of budget managers

Source: developed by the author based on the source [13]

Table 4. The main directions and measures of the Programme for improving the efficiency of state (communal) property management

Directions	Events
Technical inventory of objects	Develop Regulations on conducting a technical inventory of state and municipal property
Registration of property rights to real estate	Describe the procedure for registration of right to immovable property
Work with roads, engineering infrastructure	Develop a mechanism for working with roads, engineering infrastructure
Classification of objects by groups and development of management strategy for each group	Define criteria for classification of objects by groups and develop a strategy for effective management for each group
Leasing of real estate other than land	Describe the mechanism of registration and lease of real estate other than land
Privatisation of communal property	Describe the procedure for registration of property privatization and conditions of its use
Privatisation of housing	Describe the features of the privatization of housing and the grounds for its write-off
Write-off of property	Determine the conditions and grounds for the write-off of state or municipal property in accordance with applicable law
Transfer of property to concession	Describe the procedure for transferring property to the concession and the conditions of its further maintenance
Expropriation of property on the balance of budget managers	Describe the procedure and mechanism of alienation of property on the balance of budget managers
Re-registration of ownerless property and property of deceased heritage into state or communal property	Describe the mechanism of re-registration of ownerless property and property of deceased heritage into state or communal property

Source: developed by the author based on source [20]

These areas and measures will allow to make an objective assessment of the current state of property and further effectively manage the property on the balance sheet of the institution, while carrying out operations to re-register the property in order to obtain economic benefits in the future.

Thus, the main directions and activities of the Programme are to determine the key tasks and directions of their implementation in the form of development of appropriate documentation, the use of which will successfully conduct operations on: registration of property rights, accounting for roads, engineering infrastructure, classification of objects by groups and development of management strategy for each group, lease of real estate, privatisation of communal property, expediency of privatisation of housing stock and its write-off, transfer of property to concession, alienation of property on the balance of budget managers and re-registration of ownerless property and property of the deceased inheritance in state or communal property. The implementation of certain measures will help increase the investment attractiveness of budget managers, improve the climate for the creation and development of high-quality public services of public and municipal sectors of the economy.

Conclusions

According to the results of the study, we conclude that the main actors of the public sector are the managers of budget funds of the state and local budgets, who are constantly working on filling the budgets. Thanks to the analysis, it was found that in recent years the revenues of the state and local budgets in terms of the general fund are declining annually, in terms of the special fund there were insignificant changes. Reasonably, the filling of state or local budgets significantly depends on the amount of revenues from the special fund, so it is important to find alternative ways to increase them. It is confirmed that effective management of state and communal property will allow budget managers to increase revenues by posting property that is not reflected on the balance sheet, renting it, privatising property, transferring property to concession, re-registration of ownerless property and deceased property in state or communal property. In this regard, it is proposed that the body authorised to manage the objects of state (communal) property, to develop a programme to improve the efficiency of management of state (communal) property for managers of budget funds. The application of such a Programme will help institutions to promptly organise the process of registration and re-registration of property in state or municipal ownership and will increase the efficiency of the use of existing property and obtain appropriate economic benefits in the future.

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Особливості функціонування розпорядників бюджетних коштів як основних суб'єктів державного сектору

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Анотація. Актуальність теми дослідження полягає в тому, що ефективність державного сектору України залежить від успішної діяльності його суб'єктів. В умовах реформування активно розвивається сфера управління державним майном, відбувається приватизаційні процеси, збільшуються обсяги передачі майна в оренду, проводиться активна робота з безхазяйним майном та майном відумерлої спадщини. Актуалізується проблема щодо ефективного управління та використання майном, закріпленого за відповідним розпорядником бюджетних коштів або виявленого в результаті інвентаризації. Установи не мають розробленого механізму здійснення таких операцій, відповідей на такі питання не знайти в нормативній базі та спостерігається недостатній рівень знань щодо використання інструментів управління таким майном. Важливим є дослідження діяльності розпорядників бюджетних коштів державного та місцевого бюджетів як основних суб'єктів державного сектору. Методичною основою дослідження є системний підхід, а також застосування методів синтезу та аналізу для визначення структури і динаміки доходів розпорядників бюджетних коштів в Україні. У статті визначено основних суб'єктів державного сектору, окреслено структуру державного сектору, обґрунтовано вплив розпорядників бюджетних коштів на розвиток державного сектору. Проведено аналіз структури та динаміки обсягів власних та інших доходів розпорядників бюджетних коштів, узагальнено рекомендації щодо їхнього збільшення. Обґрунтовано необхідність підвищення ефективності управління майном державної та комунальної власності й збільшення обсягів надходжень і джерел фінансування розпорядників бюджетних коштів. Практична цінність статті полягає у розробці основних напрямів та заходів програми з підвищення ефективності управління майном державної (комунальної) власності для розпорядників бюджетних коштів, використання якої дасть змогу ефективно здійснювати управління майном установи, збільшити обсяги наявних і додаткових надходжень, а також позитивно впливати на стан і якість утримання об'єктів державної та комунальної власності

Ключові слова: державний бюджет, місцевий бюджет, бюджетні надходження, комунальна власність, органи виконавчої влади, міжбюджетні трансферти

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Ways to Reform the Banking System of Ukraine to Ensure the Financial Stability of Economic Entities

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Abstract. The article analyses the main directions of reforming the banking system of Ukraine. The relevance of the study is conditioned upon the need to improve the stability of the country's financial system. The reason for the decline in the economic situation is the political situation in Ukraine. The purpose of the study is to clarify ways to ensure the financial stability of enterprises for long-term and sustainable economic development. In the course of the research philosophical and general scientific methods were used , in particular historical-logical, economic-statistical, factorial methods, including theoretical and comparative analysis. The author assesses the consequences of the application of some methods at certain stages of development of the banking system, identifies the main priority areas of its development; the approaches to definition of essence and features of development of financial resources of the enterprise are analysed; the relationship between the financial stability of the state structure and the financial stability of the enterprise is identified; measures to ensure the financial stability of the enterprise, and opportunities to improve the system of ensuring and forecasting financial stability. The rapid development of information technology, which allows Ukrainian banks to expand the range of services; increasing the financial literacy of clients and implementing programs aimed at maintaining the stable condition of domestic financial institutions. A detailed analysis of management elements, functions and principles of development of financial resources of the enterprise is given. The analysis allows stating that the financial resources of the enterprise should be defined as a set of own funds of the organization and external financing, which can be used to form fixed and current assets needed to conduct business and support expanded production. Having a high transformative capacity, the financial resources of the enterprise are the main component of financial potential, a factor of economic and social development. The article identifies the factors influencing the financial stability of the enterprise, and areas for improving public financial control in the context of financial security of Ukraine. The urgency of the researched problem is determined by the need to develop a strategy of financial security of Ukraine in view of the problems that complicate it. Analysis of the financial stability of the enterprise is the most important step in assessing its performance and financial and economic well-being

Keywords: reform process, financial affordability, financial and economic condition, enterprise stability, financial literacy, financial development policy

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Introduction

The financial system combines elements such as public and international finance, interconnected financial institutions and the financial market with its segments. Violation of one of these elements disrupts the stability of the entire financial system. The stability of the financial system is determined by a stable pricing policy, stable national currency, protection of creditors› funds, development of stock and money markets, trade balance of export-import operations, etc. [1]. Ensuring financial security is one of the top priorities of any state›s policy. Financial stability guarantees the effective development of the national economy and ensures a high level of competitiveness of enterprises at the international level. Financial stability is one of the most important conditions for stable economic growth of the state. This is conditioned upon the implementation of the vast majority of transactions in the real sector of the economy through the financial system [2]. Financial stability allows you to fully implement the objectives of stability of the enterprise, control the balance of cash flows, maintaining the availability of resources that allow the company to operate for a long time, helps to optimise equity and debt management, including uninterrupted production [3].

The stability of the financial system provides the ability to efficiently allocate resources, more accurately identify and manage financial risks, maintain employment at a level close to the natural level of the economy, timely and adequately eliminate relative price fluctuations on real or financial assets that may affect monetary stability or employment rate [4]. The period of stability of the financial system is determined by the absence of financial imbalances that arise under the influence of significant adverse and unforeseen internal or external events. In periods of stability, the financial system is able to compensate for adverse events primarily through self-correction tools, preventing the devastating impact of force majeure on the real economy or other areas of finance [5].

The most accurate definition of financial stability should be considered a state of affairs in which the very fact of instability is unlikely. Speaking of the financial stability of the enterprise, we must mention liquidity. The implementation of various types of economic activity is conditioned upon the availability of cash and bank accounts, including liquidity in the form of foreign exchange derivatives. The ability of an entity to remain in the market depends on its ability to repay its debts in a timely manner. Thus, liquidity of the enterprise – the ability to quickly get money whenever the need arises – is an indicator of financial stability of the enterprise [6].

Financial stability is influenced by internal and external factors. Yes, A. Malik and co-authors [7] focused on the impact of good governance on financial stability and found that financial inclusion mediates the relationship between good governance and financial stability. P. Ozili [8] explored the relationship between financial system stability and social activism, including the promotion of gender equality, environmental sustainability and social protection. Research has shown that social activism has implications for financial stability, but they are different for different countries. Therefore, financial institutions need to determine the optimal level of social inclusion, which, combined with other conditions, would improve the stability of the corporation. The process of digitalisation and the development of artificial intelligence plays an important role. Studies show that the use of artificial intelligence and machine learning in finance is becoming common [9]. In this context, it is important to consider the existing risks that may affect financial stability: data confidentiality, network security, etc. S. Babar and co-authors [10] investigated the impact of profitability variables, liquid liabilities on liquid assets, non-performing loans, uncovered liabilities, interest spread on the stability of the financial sector and developed an index of financial stability.

The purpose of this article is to study the impact of financial stability and the evolution of the concept of sustainability, as well as substantiation of theoretical principles and practical principles of financial stability of enterprises to ensure long-term and sustainable economic development of modern European countries. In this thematic review, the author uses the approach of developing the reform policy of the financial sector, the study of institutional processes that contribute (or do not contribute) to the effective reform of the financial sector. And the analysis of the state and trends of macroeconomic characteristics and the level of financial and economic stability of trade business in Ukraine in this review is a timely assessment of the importance of this topic.

Materials and Methods

In writing this article, the following philosophical and general scientific methods were used: historical and logical method (in order to form priorities and means of public policy that stimulate the strengthening of financial and economic stability of trade business); economic and statistical method (to calculate the main macroeconomic characteristics of financial stability and liquidity of commercial enterprises); factorial (to analyse the impact of various factors on the effectiveness of banking reform) and systemic (to consider the state of the financial sector and institutional processes in their unity) methods. The most widely used theoretical analysis and comparative analysis – to study the prerequisites for financial and economic stability of commercial enterprises, and logical analysis and generalisation of the studied material.

Several search strategies were used to analyse approaches to reforming the state-owned banking system. Initially, articles and research related to the topic of this review were searched. The search was conducted on keywords in English and Ukrainian and was based on the fact that the research was published not earlier than 2008. Search queries were performed in the search engines "Google" and "Google Academy" and contained the following phrases: banking system; financial stability; liquidity of the enterprise; financial system reform; National Bank of Ukraine; financial and economic condition; economic crisis; financial market stability; trade enterprises; financial development policy; capital market, etc.

The next stage of the search was to carefully study the annotations of selected publications, after which some of them were excluded from this study because they did not correspond to the chosen topic. Thus, some other studies were found and selected for consideration. The last step was to study the bibliographies of selected articles, which allowed to find an additional three relevant studies. The researches containing the comparative analysis of data of activity of a problem of the state functions in the conditions of economic reforming were considered. Articles whose full text was unavailable or difficult to translate conditioned upon the need to accurately convey the original content were excluded from the study. The selected articles were carefully reviewed and analysed.

Legislation and regulations, reference materials of official bodies of Ukraine, articles and publications of sociological research available on the Internet became the information basis for writing this material. The financial system is analysed by identifying its nature, function, specific characteristics and mechanism of operation, which is a set of specific economic relations between all economic entities that use capital as a factor of production to maximise personal income. The author›s approach is to define financial stability as an opportunity to further increase private and social benefits from financing. As the analysis of financial stability is still at an early stage of development compared to the analysis of monetary and/or macroeconomic stability, there are currently no generally accepted models or analytical frameworks for assessing the stability of the financial system.

Results and Discussion

To ensure the financial stability of the enterprise in the long run, it is important to create measures and a number of manipulations to manage risks that affect the level of financial stability. The high level of existing uncertainty in the current economic environment does not allow companies to achieve tactical financial goals while maintaining financial stability without a risk management mechanism to reduce financial stability. Tax, investment, operational and mobility risks are the main risks that hinder the long-term development and lead to the loss of financial stability of economic entities. According to scientists, in the face of increasing competition in domestic and global markets, achieving financial stability of the enterprise is possible through an effective system of tactical management of financial stability, which includes a subsystem of risk management. Given the different approaches to calculating the optimal capital structure of the company, it should be noted that the choice of methodology determines the conditions of the enterprise, including the goals and decisions of its management. In the process of activity, it is important for each company not only to maintain its own financial stability, but also to balance the internal opportunities under the influence of the environment in order to achieve a state of future progress [11]. Discussing the definition of financial stability, W.A. Allen, G. Wood [12] define financial stability "as a special circumstance in which the probability of financial shocks is very low". Scientists agree that a system that can guarantee the efficient distribution of savings for investment opportunities can be considered financially stable. Researchers emphasise the economic security of enterprises not only to ensure financial stability, but also to build capacity for dynamic growth of business activity and profitability [13-16].

Following the global financial crisis of 2008, which revealed weaknesses in the policies of financial regulation institutions in many countries around the world, interest in organizational and institutional reforms in the field of financial regulation and supervision has increased. This has led the government to draw attention to the need for governments to "develop policies that can deal with the effects of the crisis" [17]. Historical facts show that since Ukraine's independence, the country›s economy has experienced a serious crisis in 2014-2015. Thanks to reforms launched immediately after Euromaidan, as well as reconstruction programs under pressure from the International Monetary Fund (IMF) and the European Union (EU), Ukraine has almost overcome the most difficult phase of the economic crisis [18].

Conditioned upon favourable weather conditions in 2016, unexpectedly high successes were achieved in the field of agriculture. Which, in turn, allowed the export of record high volumes of cereals, including corn and wheat. According to the Ukrainian government, in 2016 Ukraine became one of the three largest suppliers of agricultural products to the European Union [19]. However, it was then that the active transformation of Ukraine›s banking system began. In the state economy, the role of the banking sector is vital. The stability of the banking sector contributes to the effective development and growth of the economy as a whole. And although there is no universal definition of the stability of the banking sector, there are some defining aspects, namely: the state of the banking sector, its impact on the macroeconomic situation and the absence of crisis.

To provide citizens of Ukraine with access to quality financial services in 2015, a bill was proposed to amend some legislation, which will promote a level playing field for both domestic and foreign foreign financial institutions [20]. Numerous studies draw attention to the close relationship between the stable state of the banking system and monetary and economic policy. Instability of banking records has a negative impact on economic growth explained by reduced lending. The reform of the financial sector envisages such changes as are necessary to create a stable financial system capable of distributing the savings of the economy in the most productive areas among various potential investments. First of all, we are talking about the liberalisation of the sector, when the responsibility for determining who gets the loan and at what price lies not with the government, but with the private sector. Financial sector reforms are aimed at achieving such goals as central bank independence in macroeconomic stabilisation efforts; increasing intensity in competition; strong balance sheets and high quality loan portfolios; effective banking supervision system; improvement of clearing systems [21].

The effectiveness of banking reform depends on the development of a common framework and strategy for each of the major groups of financial institutions. We should not forget the costs of this process, especially in terms of macroeconomic implications and the need to share the burden of reform between stakeholders. In addition, it is necessary to develop ideas for the proposed reform of the banking system in terms of scale and ownership structure. The availability of human capital plays an important role in this decision, both for the management of institutions and for the proper supervision of the financial system. The positive impact of affordability on financial stability is confirmed by some studies illustrating the theory of the relationship between these factors [22].

Simplified access to financial services promotes the mediation of savings, and promotes progressive structural changes in the financial system, expanding the market and providing more opportunities for financial institutions to cooperate with start-ups. Thus, by increasing the diversity and expanding the participation of all economic agents, the size of the entire sector increases, which contributes to building the potential of economic sustainability. Emphasis is also placed on the ability of affordability to form a more reliable basis for retail financing for banks and other financial institutions. Deposits of individuals can be a buffer for borrowing funds that increase the stability of the financial sector, as lower-income people show more stable financial behavior in terms of deposit retention and loan repayment in the up-and-down cycle. Deposits from such customers in times of financial instability are often a source of funding when other sources of credit are depleted.

Financial affordability is also limited by the fact that a significant informal sector can significantly reduce the effectiveness of monetary policy. This leads to a decrease in the demand for intermediary services of financially excluded economic entities, in particular households and small enterprises, which are usually less dependent on financial supervisors in making financial decisions. Limited access to low-cost loans for small and medium-sized enterprises and small businesses limits the ability to expand their business and attract employees, which increases overall unemployment. Inclusion of these entities in the financial sector would significantly expand their activities and, consequently, increase the contribution to the economy.

Promoting economic recovery, stabilisation and development is a priority of the banking system of Ukraine, which includes a set of measures aimed at maintaining macro-financial stability, expanding the availability of lending to the economy:

– development and actualisation of the financial services market and improvement of the capital market infrastructure;

– development of digital finance as a driver of further digitalization of the Ukrainian economy, promotion of innovations in the field of non-cash transactions, expanding the availability of finance, and ensuring and improving the protection of the financial sector from cyber attacks;

– institutional development and operational improvement, including building the organisational capacity and independence of the NBU, implementing the digital transformation of the central bank and sustainable development policy.

Analysis of the interdependence of financial stability and banking allows concluding about the positive and statistically significant impact of financial stability on the banking system. Globalisation is increasing the amount of financial products, as a result of which modern society is facing an increasing need for financial literacy. The ultimate goal of multiple financial literacy programmes is to improve people's financial situation. This goal requires a certain attitude and the necessary knowledge [23].

Overcoming financial ignorance has an impact on decisions that increase the level of material well-being of households. Financial literacy allows you to more adequately plan pension savings, participate in the stock market, more effectively manage mortgages. Young people may become financially independent sooner. The availability of finance in general has a beneficial effect on financial well-being. Thus, the availability of financial services reduces inequality and reduces poverty. Financial affordability provides financial development and plays an important role in the development of the state's economy, and improves the investment climate, increases the purchasing power of the population and living standards in general. Financial accessibility provides safe, transparent and fair provision of financial services by formal and informal financial institutions and organizations at an affordable price for the poor, in the form of saving and accumulating funds in a bank account, availability of credit and their risk insurance. The innovation sector, which uses the Internet and smartphone applications, is actively developing, able to modernise the field of financial services, providing additional comfort and making them accessible to a wider range of users. The emergence of new digital platforms allows customers to receive technological financial services and products without the need to visit banks or other financial institutions [24]. It should be noted that the economic and financial stability of the country is a multilateral task. The global economic crisis of 2008-2013 shows that the economy has become more interdependent. In the period of globalisation (since 2000) there is a synchronisation of the economy [25].

In January 2020, with the support of the USAID Financial Sector Transformation Project, the Financial Sector Development Strategy of Ukraine until 2025 was presented and approved [26]. The strategy continues the Comprehensive Programme for the Development of Ukraine's Financial Sector until 2020 and aims to "promote sustainable economic growth in Ukraine, increase the reliability and technology of the financial system, achieve European standards in the financial market, increase confidence in the financial market, implement the EU-Ukraine Association Agreement and other international agreements of Ukraine". The strategy identifies five main areas of financial sector development.

1. Strengthening financial stability, which includes effective regulation of the financial sector and improvement of supervisory approaches; transparency and sustainability of the financial sector; common standards of corporate governance and internal control systems, risk management in the financial sector.

2. Macroeconomic development of the financial sector and economic growth. Macroeconomic development will be facilitated by expanding lending to small and medium-sized businesses, including farms with land; resumption of mortgage lending and increasing lending to the economy through net bank loans to gross domestic product (GDP); export financing; strengthening the protection of creditors' and investors' rights; active involvement of long-term resources.

3. Financial inclusion. To expand financial inclusion, it is planned to create conditions for involving all segments of the population and business in the use of various financial services, strengthening the protection of user rights; active involvement of long-term resources; reduction of social inequality in society through increasing the level of financial literacy of the population; creating an incentive for the development of payment infrastructure for non-cash transactions.

4. Development of financial markets, creation of a single communication platform under a single brand to unite all stakeholders; development of non-banking financial services markets; building an efficient infrastructure of capital markets; creation of liquid markets for financial instruments; reduction of risks during financial transactions; integration of the financial market of Ukraine into the world financial space.

5. Innovative development of the financial sphere. To develop an open architecture of the financial market, the Law of Ukraine "On Payment Services" adapted to the requirements of the EU Directive PSD2 [25] was adopted and implemented. To ensure the development of the FinTech market (assistive technologies for financial management), the NBU Expert Council on Communication with Innovative Companies and Projects was established. It is planned to develop SupTech (a number of technologies used to increase the efficiency of supervisory authorities to control existing financial institutions) and RegTech (a number of technologies to provide faster, integrated reliable and cost-effective measures to regulate financial markets), create an electronic personal account to interact with financial institutions, expanding access to financial services, providing open access of regulators and financial market participants to public databases [26].

To further strengthen financial stability, it is planned to focus the efforts of regulators on "strengthening the protection of creditors and investors, implementing the BEPS action plan, improving corporate governance in financial institutions, strengthening requirements for their control".

Conclusions

Analysis of the input data on the interpretation of the concept of "financial stability" shows that this definition is not accepted only based on the emergence of a specific condition, which may be impossible after certain transformations. Financial stability is a key integral dynamic feature of the company's continuous development in the chosen strategic direction and its ability to return to financial stability in a short time after it was lost under the influence of adverse factors. As a result of identifying the priority areas for the development of Ukraine's banking system, it became clear that the global program of reforms in the field of financial regulation in the country has shown impressive progress. However, a number of reform measures are needed to ensure the effective functioning of the Ukrainian system of banking and financial institutions. Thus, bureaucratic reform of the operating system will allow society to overcome social inequality.

To ensure the effective functioning of financial intermediaries in Ukraine, it is necessary to introduce uniform rules of conduct in the financial market for banks and non-bank financial institutions, considering the specifics of each type of financial intermediary; intensification of activities in the financial market of investment funds, insurance companies and private pension funds; maximum involvement of the non-banking financial sector in the development of the real sector of the economy; introduction of a reliable mechanism for the protection of funds of the population and business entities; creation of a service and consulting center for the provision of services by non-bank financial organisations.

To increase financial affordability, it is necessary to introduce standards of market behaviour of financial organisations and standards of financial product disclosure, strengthen targeted programs to increase financial literacy, strengthen consumer protection, create incentives for development, optimise non-cash payment infrastructure and deposit guarantee system. Ukraine needs the latest methods in the financial sector, including the development of BankID remote identification system, creation of crowdfunding and venture platforms and regulatory sandboxes, introduction of innovative technologies for payments and transfers, cloud technologies, expanding access of financial market participants to public registers. The strategy of reforming all segments, including the banking market, the non-banking financial sector and the capital markets, to create a transparent, competitive, stable and high-tech financial sector will ensure sustainable and inclusive economic development and improve household well-being through efficient savings and redistribution.

It should be borne in mind that further research requires a detailed analysis of financial stability of the enterprise, considering indicators of internal financial potential, and a study of the impact of external factors determining the type of financial stability of economic entities.

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Шляхи реформування банківської системи України з метою забезпечення фінансової стійкості суб'єктів господарювання

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Анотація. У статті проаналізовано основні напрями реформування банківської системи України. Актуальність дослідження зумовлена необхідністю покращення стабільності фінансової системи країни. Причиною зниження економічного стану є політична ситуація в Україні. Метою дослідження є з'ясування шляхів забезпечення фінансової стійкості підприємств для довгострокового та сталого розвитку економіки. Під час дослідження були використані філософські та загальнонаукові методи, зокрема, історико-логічний, економіко-статистичний, факторний методи, а також теоретичний та порівняльний аналіз. Автор оцінює наслідки застосування деяких методів на певних етапах розвитку банківської системи, позначає основні пріоритетні напрями її розвитку; проаналізовано підходи до визначення сутності та особливостей формування фінансових ресурсів підприємства; виявлено взаємозв'язок між фінансовою стійкістю держструктури та фінансовою стійкістю підприємства; розглянуто заходи щодо забезпечення фінансової стійкості підприємства, а також можливості для вдосконалення системи забезпечення та прогнозування фінансової стабільності. Відзначено стрімкий розвиток інформаційних технологій, що дозволяє українським банкам розширювати спектр послуг; підвищення фінансової грамотності клієнтів та впровадження програм, спрямованих на підтримку стабільного стану українських фінансово-кредитних установ. Надано детальний аналіз управлінських елементів, функцій та принципів формування фінансових ресурсів підприємства. Проведений аналіз дозволяє стверджувати, що фінансові ресурси підприємства доцільно визначати як сукупність власних засобів організації та зовнішнього фінансування, які можуть бути використані для формування основних та поточних коштів, необхідних для ведення бізнесу та підтримки розширеного виробництва. Маючи високу перетворюючу здатність, фінансові ресурси підприємства є головною складовою фінансового потенціалу, чинником економічного та соціального розвитку. В статті визначено фактори, що впливають на фінансову стабільність підприємства, а також напрямки вдосконалення державного фінансового контролю у контексті фінансової безпеки України. Актуальність досліджуваної проблеми визначена необхідністю розробки стратегії фінансової безпеки України з огляду на проблеми, які її ускладнюють. Аналіз фінансової стійкості підприємства є найважливішим етапом оцінки його діяльності та фінансово-економічного благополуччя

Ключові слова: процес реформ, фінансова доступність, фінансово-економічний стан, стійкість підприємства, фінансова грамотність, політика фінансового розвитку

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Normative and Legal Bases of Digital and Information Development of Modern Ukraine

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Abstract. The digitalisation of the social development of independent Ukraine while improving the political and legal processes contributes to improving the quality and efficiency of administrative bodies in Ukraine. The development of modern national legislation should be aimed at implementing promising areas of interaction between central government, executive authorities of regions and municipalities with the population by informing and receiving feedback, providing public services using modern technologies and developing interactive participation of civil society in management of public affairs. The purpose of the article is to study the most problematic issues of digital and information modernisation of social and state development of modern Ukraine by creating an appropriate legal framework that corresponds to practical realities. The results were obtained by means of theoretical and methodological research of scientific publications on the problems and issues of digitalisation of public administration structures, informatisation and technologicalisation of the entire administration system in Ukraine and other countries. The goal was also achieved by in-depth content analysis of the provisions of official regulations of various legal force on public activities in the field of informatisation and technology of social processes, policy documents aimed at forming electronic resources of state organisations, the official website of the Ministry of Digital Transformation of Ukraine. and scientific practices related to the given topic of study. The work is aimed at studying the problems of development of normative bases of digitalisation of the structure of administration in the state

Keywords: administration, informatisation, electronic services, public administration, Ukraine, Smart city

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Introduction

The transition to the use of digital tools and means in the administrative system of public administration, carried out in the regions and municipalities of Ukraine, and at the national level, is associated with significant regulatory difficulties, problems with informatisation and digitalisation of social processes in the country. The emergence of numerous socio-economic, legal and political problems in the field of informatisation of the entire system of administration of executive (public) bodies of Ukraine at various levels of government, necessitates modernisation of national and regional legislation, adoption of policy documents, plans and programmes for IT technology. Many steps in this direction have been taken in the modern period. Yes, in 2021, the Concept of development of digital competencies was developed and adopted until 2025 [1], effective from March 2021; a little later, the Law of Ukraine of 07/15/2021 No. 1667-IX "On Stimulating the Development of the Digital Economy in Ukraine" came into force [2], which is aimed at introducing significant innovations in the field of informatisation of the administration system, development of business structures by creating a system of preferential taxation of residents "Diya City", other positive conditions for innovative business to attract additional funding. The above-mentioned legal acts are also aimed at the gradual improvement of the country's digital infrastructure, attracting professionals and talented graduates of technical faculties of higher educational institutions of Ukraine in areas related to IT-technologies and digitalisation of social processes.

Given the importance of Ukraine's integration into the European Community and to increase its ranking in the group of countries on indicators of innovative development, it is necessary to constantly draw on the experience of different countries in the field of digital technologies. Therefore, the information base of the article was supplemented by publications of scientists and specialists from America, Europe and Asia. Thus, foreign scholars often emphasise the need to introduce the latest information technology in the executive bodies that manage the socio-economic sphere, which will directly affect the quality and level of public services to the population, the administrative process as a whole [3]. Examining the most important issues of the relationship between digitalisation of social development, social management processes, access to information technology for individual citizens of European and other countries, scientists and experts note: the importance of privacy, personal interests of some European and Asian countries in implementing information collection for the implementation of modern administrative processes [4; 5]; the influence of social networks on the developement of public opinion and the promotion of public services for the population [6]; the need to create a modern digital management system of the municipality to increase the efficiency of the administrative process in the social sphere [7].

The importance of public administration in the field of implementation of information technology in the daily life of "ordinary citizens" is also considered through the prism of security in the global network "Internet" [8; 9]. The practical significance of the obtained results and the novelty of the study were substantiated: by studying the real modern practice of introducing normative principles of building a modern information society of Ukraine; availability of electronic administrative services to the population; content analysis of legal documents on selected issues of national importance; etc.

The aim of the article was to determine the relationship between national, territorial and municipal policy in the field of public relations administration in Ukraine in building modern information processes in the country and creating a positive model of digitalisation of modern dialogue between government and the population to improve public administration. *The object of the study* were social management processes of digitalisation of social processes in Ukraine, statistical and normative materials on the issues under consideration, etc.

Materials and Methods

To conduct a normative analysis in the study of relevant issues identified in the work, the authors of the article were involved and used methods of legal, managerial, political science. Scientific and cognitive methods of research of information literature sources are tools of theoretical study and comparison of scientific and journalistic works related to research topics, ie analysis (detailing, division) of material and synthesis, generalisation of research data of the information plan. The paper also specified the legal and socio-political categories in the field of development of regulatory and legal regulation of the processes of informatisation and digitalisation of public administration.

For the study of legal phenomena, institutions and acts of legislation of Ukraine, which contain norms of tax, civil, information law and regulate legal relations, and the development of information technology and digitalisation of public administration in the country, used formal-legal method of detailed study of legal categories and legal entities objects. This method was chosen as the most universal, comprehensive, based on the current system of legislative, conceptual and programme documents of the country. This method is aimed at studying the legal constructions of indicators, features, content, directions, means and tools of digitalisation and informatisation of public and social relations. At the same time, the norms of various legal acts of Ukraine, the internal content of programme and planning documents of the country were analysed using mandatory rules and tools of formal logic, considering the specific features of legal regulations. And the use of the comparative legal method allowed to connect in the article the processes of building a digital information Ukrainian society with other legal phenomena and categories, and with European standards in this area.

Statistical analysis of the practice of implementing certain types and directions of digitalisation and informatisation in the system of public administration and providing administrative services to the population, establishing feedback from the government with the people, business and government activity in the field of IT technologies identified the effectiveness of modern information policy in Ukraine. Analysis of the results of regional and municipal authorities allowed, as part of a study of the importance of implementing the concept of "smart" (Smart city), to draw conclusions about the adequacy of mobile applications and public sites to inform citizens and provide public services. The value-normative method, which is obligatory in studying the current tasks and goals set by the state for the implementation of national projects and information development programmes of the country, allowed to elaborate and study the target orientation and normative content of state programme and project documents, including financial standards for the development of a gallery of new information technologies.

The method of forecasting and comparative design in the process of application in this article allowed, based on the selection of various practical problems, to develop the most optimal solutions for further development of the information economy and digitalisation of public administration of Ukraine. Also on the basis of forecasting further processes of expansion of the field of IT technologies and information space of the country the basic offers on improvement of various tools and means of digitalisation of economy and policy have been formulated and generalised.

Results

According to a study of government and legislative documents, territorial and municipal concepts and programmes, regulatory regulation of digitalisation of public administration and social development of the unitary state of Ukraine with limited regional self-government is quite active and fruitful. As stated in paragraph 4 of the Explanatory Note to the draft currently approved of the Law of Ukraine of 07/15/2021 No. 1667-IX "On Stimulating the Development of the Digital Economy in Ukraine" [9], legal regulation in the field of information technology is provided by regulations of the Constitution of Ukraine [10], the Civil Code of Ukraine [11], the Tax Code of Ukraine [12], the Labour Code of Ukraine [13], other legal documents, in particular, bylaws". Constitutional principles enshrined in the Basic Law of the state concerning the importance of informatisation of public processes, accessibility and provision of information to all segments of the population, openness and transparency of public authorities, opportunities for direct and indirect participation of the people in the management of Ukraine should be specified in certain regulations countries [10].

Law of Ukraine "On Information" of 10/02/1992 No. 2657-XII (as of June 17, 2020) was one of the first acts of an independent state, which regulated the construction of the information society based on accessibility and openness of public information, reliability and completeness of information, freedom of thought and belief [14; 15]. It should be noted that this normative act was adopted before the current Constitution of Ukraine and regulated important issues of information policy of the state, such as mandatory conditions for the formation of a digital society in Ukraine (Article 3) [15]. Then an important piece of legislation was adopted on the national strategy in the field of informatisation and digitalisation of modern management processes and public life, through the development and implementation of the "National Informatisation Programme" from 02/04/1998 No. 74/98-VR [16]. The normative provisions of this programme document set the main tools, means, elements and directions of the strategy "solving the problem of meeting information needs and information support of socio-economic, environmental, scientific and technical, defense, national and cultural and other activities in areas of national importance" [16]. It should also be noted that to implement the legislative initiatives of the highest state representative body of Ukraine (Verkhovna Rada), the concept of digital economy (DE) and society of Ukraine for 2018-2020 and the plan to achieve its goals were approved and partially implemented. According to Ukrainian experts, Ukraine's transition to this was to attract new financial investments by attracting foreign and national investment capital. And conditioned upon its development by 2021 it was necessary to provide an additional 5% of Ukraine's GDP by 2021, but by 2020-2021 only 2.5 to 4% of the contribution from the innovative economy to the country's GDP was achieved according to various analysts [17; 18].

At the current stage of development of digitalisation and informatisation of administration and construction of innovative economy, as mentioned above, in 2021 the Concept of development of digital competencies until 2025 was developed and adopted [1] and the Law of Ukraine "On Stimulating the Digital Economy in Ukraine" from 07/15/2021 No. 1667-IX [2], aimed at the gradual improvement of the digital infrastructure of the country. Ukraine's national information policy will be implemented based on adopted acts and other normative documents, which may be significantly amended in the future, including modernisation of digital processes in the regions and expanding the use of electronic information portals and applications to build "smart" cities. Normative conditions and legal regulation of digital and information development of modern Ukraine are impossible without the practice of their application in reality. Normative provisions of the Law of Ukraine "On Stimulating the Development of the Digital Economy in Ukraine" of 07/15/2021 No. 1667-IX are aimed at regulating the operation of Diya City – a special virtual economic zone created to attract foreign financial investment in Ukraine and aimed at simplifying business in the country [2]. Diya City allows organising a separate self-government and introduce various tax preferences [19].

In 2019, the Ministry of Digital Transformation of Ukraine created and presented a virtual public service "Diya", which is a mobile application with electronic documents and a portal of administrative public services. As of November 2021, more than 50 administrative services for the population, commercial structures and other entities are available on the portal. To develop economic activity and help business entities developed and implemented in a test mode portal "Diya-Business", which helps members of the business community to create and expand their own business [20]. The analysis of publications and official sources of information allows pointing out large-scale changes in the processes of digitalisation of social, economic and state processes in Ukraine in the direction of their expansion and deepening. According to IT Guild Ukraine experts, in the period 2015-2020, the volume of national exports of IT products to other countries increased by 175%, the number of employees in the field of innovative technologies and digitalisation increased by 125%; the total amount of tax contributions and deductions of enterprises and other high-tech entities to the state budget of Ukraine in 2020 alone exceeded 20 billion hryvnias, and in 2021 reached about a billion US dollars [21]. The Concept for the Development of Digital Competences until 2025 emphasises the need to improve the quality of training and education of various employees in the information field to create opportunities for modernisation of the country's economy in accordance with international standards [1].

The Concept also refers to the norms of the Law of Ukraine "On Education" [22], where information and communication competence of a person is enshrined as necessary to ensure the proper functioning and organisation of unimpeded communication in society. At the same time, the State Strategy for Regional Development for 2021-2027, among other national challenges that reduce the potential of territorial development of the country, identifies a low level of digitalisation of regions and digital awareness [23]. Today, institutes and departments of the Kharkiv Regional State Administration, the Department of Digital Transformation of the city of Kharkiv provide various solutions to improve the efficiency of digital technologies in the region and municipality. First, the study shows that currently there is a lack of equipment of certain socially important objects of public, state and municipal infrastructure with broadband access to the global network and some of its resources needed to quickly solve problems in management (Fig. 1).

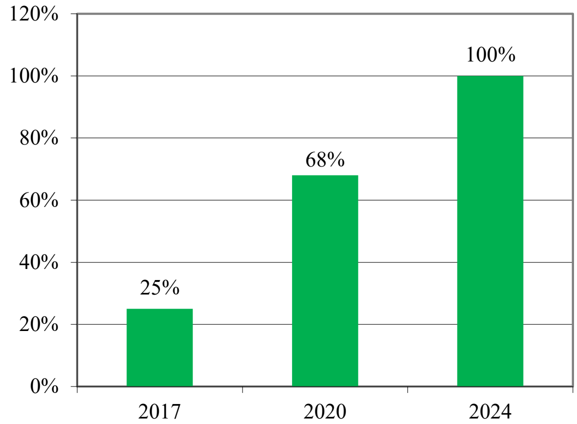

Figure 1. Equipping some socially significant objects of Kharkiv region of public, state and municipal infrastructure with broadband access to the global network (2017-2024)

In particular, in Kharkiv oblast and its municipalities, broadband access to the global network and special computer equipment of the most important social infrastructure facilities was characterized in 2017 by only 25% of the total, in 2020 – 68%, and by the end of 2024 – 100% connection of all significant structures to the resources of the Internet is planned, but these are still optimistic forecasts [24]. In general, it can be noted that in 2020 the region completed work on connecting to the global network and equipping with modern technology almost 500 socially important objects of regional and municipal infrastructure, in particular, 42.8% of medical institutions of various orientations (of the total number of connected and equipped social facilities), 24.6% of educational institutions of primary, secondary and higher education, 20.5% of public territorial authorities (including local structures), 6.8% of subdivisions of election commissions, 10 cultural organisations (2.3%), and 13 other objects (about 3%) (Fig. 2) [24].

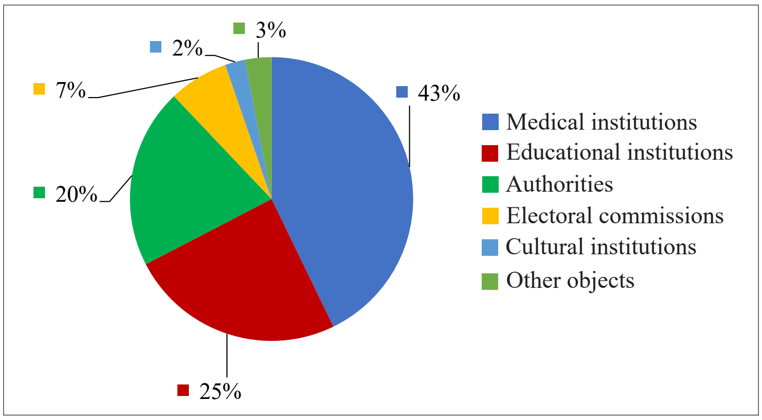

Figure 2. Equipping some socially significant facilities of Kharkiv region and municipalities with broadband access to the global network by areas of activity (2020)

In addition, at the expense of budget funds planned training in various professions, competencies in the field of digital informatisation and technologicalisation of administrative processes to improve the efficiency of professional managers of public executive bodies of Kharkiv region and its municipalities (Fig. 3) [4].

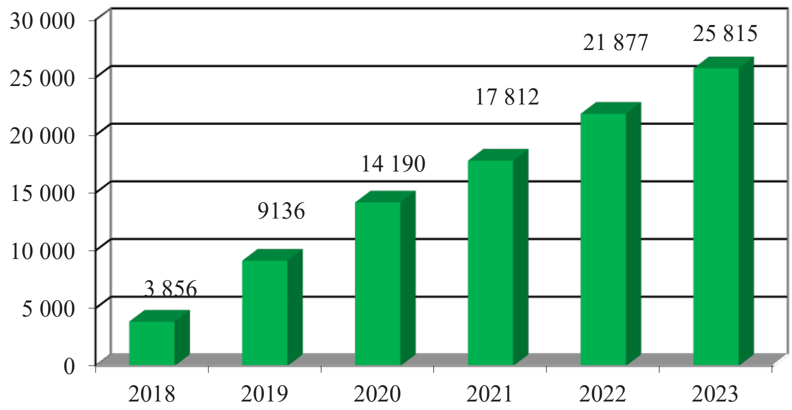

Figure 3. The number and dynamics of training of management entities in various professions, competencies in the field of digital informatisation and technologicalisation of administrative processes in the Kharkiv region (2018-2023)

As we can see, the public authorities of the region have a very effective policy of training, retraining and retraining of personnel in the field of digital technologies, but this process is often inaccessible to ordinary people and remote municipalities within the framework of the territorial security of accessibility and privatility of the rank portal with online courses "Osvita". Yes, in Kharkiv, according to the official normative and program documents of the municipality, there are significant achievements in the field of digitalisation of state and municipal administrative structures, the system of providing public services to the population. As part of the "Smart city" programme, Kharkiv managed to achieve significant results in the promotion of information and digital technologies. For example, the Kharkiv City Council topped the ranking table, scoring 53 points from 59 possible information providers on updating and electronic publication of digital data among other municipal authorities of Ukraine. At the same time, Mariupol was in second place (48 points), and Khmelnytskyi was in third place (44 points) [24].

The Kharkiv Virtual Services Portal provides 16 types of electronic services to the municipality's population using public means of electronic identification of applicants. The centers of administrative services of Kharkiv and the departments of state registration of civil status of the Eastern Interregional Department of the Ministry of Justice (Kharkiv) provide a comprehensive service "eBaby", which, in turn, provides up to 8 services [24]. The Unified Electronic Register of Large Families of Kharkiv, the Register of the Territorial Community of the City of Kharkiv, was created and successfully operated at the end of 2021. Technical support of the computer programme "Center for Social Services" is provided annually. A municipal digital literacy course has been organised and is being developed for Kharkiv residents in various areas to ensure the implementation of the planned measures of the state-wide National Concept for the Development of Digital Competences at the city level. To organise an effective system of providing public socially significant services in Kharkiv, the work of the Center for Administrative Services and its 11 territorial subdivisions (CNAP) was ensured. As of October 1, 2021, 217 types of services were provided [24].

Discussion

Modern progress of information and telecommunication technologies and related innovations in the practice of public administration in Ukraine and ensuring the effective functioning of enterprises of the country require the creation of rational and most complete information exchange and consideration of individual interests of social groups and individuals in mutual bilateral data exchange. It should be noted that the interaction of the authorities at the regional and local levels in Ukraine can be both coercive and administrative, and acquire a bilateral dispositive nature (mutually beneficial). With the help of information interaction, public competent bodies are able to convey to certain groups of the population of territories and procurement organisations special legal instructions required to perform and provide electronic public services through the Centers for Administrative Services (CNAP), etc.

The complexity of modern world information processes related to the exchange of large amounts of data, ensuring the security of the personal environment of citizens, the development of technological processes of the entire system of public administration in the country and regions – is the most important and urgent problem of state development. At the same time in Ukraine and its administrative-territorial units (regions, cities of special national importance, districts and municipalities) there is a paradoxical situation – with a large number of adopted and implemented policy documents on informatisation and technologicalisation of administrative processes there are significant difficulties associated with the development of the system of digitalisation of its activities.

This problem is not completely new, it is discussed by a large number of scientists and specialists. Modern Ukrainian scholars studying the problems of digitalisation and management processes seek to borrow European experience, focusing on the problems of information openness of public authorities, their actions and decisions aimed at ensuring the rights and interests of the population in a given area. In addition, L. Gorbata [9] addresses the issue of improving the effectiveness of legal support for the reform of public administration based on the development of regulations in the field of digitalisation of all administrative processes. The author also draws attention to the potential possibility of creating a special public authority to monitor the access of Ukrainian citizens to official state and municipal information on the management of social processes, considering the experience of advanced European countries [9].

In his work, Yu.A. Mazur considered the Ukrainian specific features of the use of innovative technologies, which, in his opinion, should be accompanied by the development of various strategies to update the production process of goods and services, including innovative tools for modern enterprise development [25]. At the same time, according to the scientist, public authorities in Ukraine should directly depend on the creation of effective tools and ways to stimulate innovation activity of economic entities that implement new technological solutions in the production of knowledge-intensive products [25]. Yu.A. Mazur singles out the problems of tax incentives for the promotion of IT technologies in connection with the danger of underfunding the country's budget system of financial revenues or resources used in other areas of state support for entrepreneurship and small business [25]. The scientist determined the place of innovations in the economic activity of commercial organisations and companies of Ukraine and their impact on national modern socio-economic relations in the global digitalisation of all international and domestic processes [25]. In addition, scientists highlight the main trends in the implementation of innovative solutions based on digital technologies and their importance for informatisation of public administration of the real sector of the national and territorial economy [25].

The experience and opinion of foreign European scientists and practitioners is also important in comparative research. For example, J. Abrey, A. Silveira [3] conducts research on the modern system of public administration in the EU of social processes in creating a single information market (abbreviated – DSM), ie instruments of European Union internal policy in developing and implementing modern information and technological solutions to improve administrative efficiency in socio-economic fields human life and increasing the competitiveness of European countries in the world community [3]. The authors emphasise the need for informatisation and technologicalisation of management processes in various fields of human knowledge, especially highlighting the areas of justice and law and order [3]. Public (executive) bodies in the administration of various public sectors must adhere to the principles of compatibility of various goals and interests, and to form a system of new technologies and programmes that will allow mutual dialogue in digital interaction between government agencies, the population of European countries enterprises, other participants in socio-economic activities [3]. Researchers at Tilburg University study the problems of confrontation between public and private interests in the development of the structure of accessibility and openness of personal information of EU citizens for use by public authorities and management [4]. Namely, scientists study the problems of digitalisation and technologicalisation of social processes and their impact on privacy, personal interests of the population of some European countries [4]. Researchers [4] see the need to collect, summarise and store personal and social data in creating a new dialogue between the public, business structures and public (executive) authorities to improve the management of economic processes in the European Union based on digital technologies [4]. P. Leerssen conducts an interesting study aimed at studying the specifics of public administration and control in social networks to conduct a public audit and exchange of information with civil society institutions and non-profit social partners [6]. The importance and significance of providing information on the activities of executive and other public authorities to active users of social networks is also determined. This researcher raised, in particular, the problems of transparency of public data, the need for digitalisation and technologicalisation of information activities of the state to improve the efficiency of public administration for practical purposes [26].

Scientists from Uzbekistan T.A. Muftokhiddinova, D.R. Rustamov is trying to develop common normative recommendations for reforming public administration of economic market processes in the post-Soviet space through the use of tools for informatisation and technologicalisation of public relations [26]. The importance of digital transformation of the administration system in Uzbekistan as a factor in the effectiveness of executive (public) governing bodies of modern network economic structures is emphasised. An example of digital reform of management processes in the UK by informatisation and technologicalisation of the British government [26].

For in-depth study and comparative study of achievements in the field of building a system of digitalisation of the urban environment of Kharkiv, Mariupol, Kyiv, etc., under the comprehensive Smart city programme (related to the construction and modernisation of "smart" cities of Ukraine) the material of the staff of the international educational institution "KU Leuven" was included in the article. A. Christofi, E. Wauters, P. Valcke actualise practical issues and aspects of attracting digital sources of information to achieve various public and state interests and solve municipal problems [7]. Initiatives of the executive authorities to build a "smart" city are aimed at increasing the informatisation and technologicalisation of municipal governance. Emphasis was placed on the legality of collecting and storing personal data necessary to centralise all information about the interests of the city's population to optimise the work of all structures of state and municipal government. Executive (public) authorities, according to these experts "KU Leuven", should always act in accordance with the principles of respect for private life and the use of information collected for the common good of the population of the municipality [7]. Many developed countries of the world community, especially representatives of Western Europe, are developing and modernising regulatory and legal tools for the development of innovation of organisations and companies, established and implemented under special strategic programmes for digitalisation of various sectors of the economy. The achievements of these countries make it expedient to continue the introduction and improvement of the latest digital technologies in Ukraine, even through additional budget funding, attracting foreign investment and reducing the tax burden.

An interesting position on the use of modern information technology in government regulation in the field of health and safety of life was expressed by Professor of Law at the University of Melbourne, Doctor of Philosophy and Counselor at St. Catherine's College J. Pila [27]. In her work, the scientist analyses the problem of expanding public administration and influence in the fields of informatisation and technology to take the necessary and forced measures to respond to the pandemic (COVID-19) [27]. J. Pila points out that there are significant problems in ensuring the personal space of citizens of EU countries, and shows the example of establishing personal contacts the importance of using modern digital technologies in public administration to achieve public compliance and overall security [27]. A number of Chinese scientists are studying the nature of digitalisation, the filling of Internet content and the creation of new media broadcasters through the prism of the development of public management of social networking processes in China [28]. Government agencies in China seek to control Internet content in various microblogs, public accounts, forums, social services and networking groups [29; 30].

As noted by J. Fang [29], the study of modern public media processes in China suggests that further development of digitalisation, informatisation and technology of public administration and public administration is possible by strengthening the security of information resources, personal data, able to mobilise social opinion using the Internet resources or socio-political attributes of information services of the global network [29]. This requires the introduction into practice of the Government of China (PRC) and other public (executive) bodies of new technologies and new computer and mobile applications, clear and comprehensive regulation of the educational and public services of the global network to create and maintaining public order and national interests [29].

These issues related to the informatisation and technologicalisation of the process of management by public authorities of network resources, were raised in the studies of other Asian scientists [8; 32]. It is worth noting that the Chinese and European experience of creating a digital urban environment ("smart cities", "smart city") is most important for use in various Ukrainian municipalities, especially for the country's political development in cities such as Kyiv, Odesa, Kharkiv, Dnipro, Lviv, to borrow some elements to improve the structure of information management of social processes [33]. At the same time a deeper study of official policy documents of the Republic of China, such as Provisions on security assessment of Internet information services with public attributes or social mobilisation opportunities [33]; The regulations of the Department of Information Services microblogging [32], aimed at ensuring the security of Internet resources and control of various blogs, public information sites, etc., will apply China's achievements in digital technology and independent Ukraine.

Analysis of all studied regulations, scientific literature, statistics and management practice led to the conclusion that the development of digital technologies and software elements of public environment management in different parts of independent Ukraine is given considerable attention, in the presence of residual, rather significant difficulties in the implementation of digital tools in the administration process.

Conclusions

This study allowed identifyng the main problems associated with the normative provision of digitalisation of administrative tools in the activities of public authorities that affect the general state policy in Ukraine. Among the studied publications and works of scientists and specialists aimed at studying the problems of informatisation and digitalisation of public administration as a mandatory modern process of development of the existing world, we can note those that contain information on life safety through the introduction of digital technologies in management and administration, on the creation of "Smart Cities" in Europe, Asia and the United States, the relationship between the policy of digitalisation of administrative structures and effective dialogue with citizens of different countries, respect for personal human rights in data collection for public order.

In addition, these statistics show the significant potential of the authorities of the Kharkiv region and municipal authorities of the city of Kharkiv in the development of the system of digitalisation of social processes. In addition, in the region and its municipalities the equipment of the most important social infrastructure facilities was characterised in 2017 by only 25% of the total, in 2020 – 68%, and by the end of 2024 it is planned 100% connection of all significant structures to "Internet" network resources, especially rural facilities.

Summing up, it can be noted that the digital resources used in the activities of state (municipal) government of Ukraine are designed to address operational and planning tasks both now and in the future: providing information and analytical support for joint decision-making with the population in the field of public management of social processes, and planning the activities of these bodies in the framework of informatisation of interaction with civil society; monitoring, analysis and control over the implementation of management decisions; ensuring the evaluation of the effectiveness of joint activities of government bodies and representatives of civil society.

This work is of scientific interest, practical significance and legal, socio-political purpose, and therefore can be useful for studying issues and areas of improvement of digital and information policy of Ukraine.

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Нормативно-правові основи цифрового та інформаційного розвитку сучасної України

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Анотація. Цифровізація соціального розвитку незалежної України під час удосконалення політико-правових процесів сприяє підвищенню якості та оперативності діяльності органів адміністрування в Україні. Розвиток сучасного національного законодавства країни має бути спрямований на реалізацію перспективних напрямів взаємодії центральної влади, виконавчих владних структур регіонів та муніципалітетів з населенням шляхом інформування та отримання зворотнього зв'язку, наданням публічних послуг за допомогою використання сучасних технологій, а також розвитком інтерактивної участі громадянського суспільства в управлінні державними справами. Мета статті полягає у дослідженні найбільш проблемних питань цифрової та інформаційної модернізації суспільного та державного розвитку сучасної України шляхом створення належної нормативно-правової основи, що відповідає практичним реаліям. Результати були отримані засобами теоретико-методологічного дослідження наукових публікацій, присвячених проблемам та питанням цифровізації структур публічного управління, інформатизації та технологізації усієї системи адміністрування в Україні та інших країнах. Також мету було досягнуто шляхом глибинного контент-аналізу положень офіційних нормативних актів різної юридичної сили щодо публічної діяльності у сфері інформатизації та технологізації суспільних процесів, програмних документів, спрямованих на формування електронних ресурсів державних організацій, офіційного сайту Міністерства цифрової трансформації України, а також наукових праць, пов'язаних із заданою темою дослідження. Робота спрямована на вивчення проблем розвитку нормативних основ цифровізації структури адміністрування в державі

Ключові слова: адміністрування, інформатизація, електронні послуги, громадське управління, Україна, Smart city

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Analytical Review of Small Farms of Ukraine Registered as a Natural Person-Entrepreneur of the 4th Group: Influence of Specific Features of Accounting and Auditing on the Dynamics of Their Development and Decline as of 2021

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Abstract. The urgency of the research is that the study of small farms will form a system of agricultural entrepreneurship, which will be the main direction in the development of rural areas and will bring the local economy out of a certain depressed status. The purpose of the study is to examine the theoretical and practical aspects that will help to learn more about the definition of "small farms registered as natural persons-entrepreneurs of the 4th group", determining the legal status of these small farms and analysis of practical implementation of this sector in Ukraine. The main methodological approaches that allow identifying the theoretical and practical content of the study topic are the theoretical approach, monographic method, formal-legal method, method of comparative analysis, functional methodological approach, method of economic analysis, deduction method, induction method, and hypothetical and systemic methods. As a result of the work on the study of small farms of Ukraine registered as natural persons-entrepreneurs of the 4th group, the mechanism of implementation of the farm in general was studied, the specific features of the study sector were analysed and a comparative analysis of the implementation of the farm sector in Ukraine and foreign countries was conducted. The identified theoretical and practical aspects of the study will help in conducting an analysis to determine the impact of features that arise during accounting and auditing on the development and decline of the small farm sector of Ukraine, which are directly registered as a natural person-entrepreneur of the 4th group

Keywords: organisational and legal form, agricultural market, integration of farms, state support, audit

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Introduction

Agriculture is one of the most dynamic developing sectors and is a locomotive in Ukraine's economy today. The agricultural market today has a large number of different forms of agriculture and farming plays an important role in this. Y. Vecchio and others [1] noted that the value of small farms is extremely significant in terms of quantity, area of agricultural land and labour produced. O. Afanaseva and others [2] pointed out that small farms produce almost half of the country's total agricultural output, own 37% of arable land, 56% of cattle and provide a quarter of the employed. The principle of continuity of small farms is fundamental because of their economic, environmental and social importance. M. Abrosimova and others [3] note that the priority task of strengthening the state incentive role in the management of inter-farm relations in the agricultural sector is state support for the development of peasant (farmer) economy.

The Law of Ukraine "On Farming" [4] defines this type of activity as one that is a form of entrepreneurial activity of citizens with the creation of a legal entity that has expressed a desire to create and produce agricultural products, engage in the sale of these products and make a profit on certain plots of land provided to them for farming. S. Krivenko and others [5] noted in their work that the farm carries out accounting of its activities and prepares a financial report. Thanks to accounting, you can trace the economic efficiency of the farm. However, as indicated by L. Koval, the introduction of accounting for individual entrepreneurs is not mandatory, and for legal entities – mandatory [6]. According to I. Pidoprigora and others [7], the introduction of accounting will help identify errors in financial calculations and their timely correction.

A survey of small farms in Ukraine identified that it is currently observed in practice that some personal agriculture in a certain material condition and size of the provided agricultural land engaged in commodity production, correspond to and similar to the objects of farming, however the fee for such land in the amount of tax is several times less. Therefore, in this regard, the question arises as to the distinction between the concepts of "farm" and "personal agriculture".

It is possible to identify several features that distinguish the difference between these concepts. Noting, for example, the amount of land use, the legislator sets an area of up to 2 hectares for personal agriculture, but it can be increased in size by joining the shares of family members allocated in kind [8], and noting the amount of land use of farms, then the legislator sets it up to 50 hectares, which can be increased if possible to lease land shares [4]. The next feature that distinguishes the difference is the right to land: land for personal agriculture in accordance with current legislation [8] is mainly transferred for personal use, but it is also possible to rent land; with regard to land for farms, according to the Law of Ukraine "On Farming", they can be transferred only to private ownership [4].

Further, it should be noted about the use of land and their provision: for personal agriculture, they are provided to rural citizens in a certain individual manner [8], for farms – their allocation to the subjects is from the state land fund [4]. The next feature that should be highlighted is the specialisation of land: if farms are usually given a specialisation in crop production [4], in the case of personal agriculture, in addition to plant products, they still have the opportunity to obtain animal products [8].

With regard to such a feature as the employment of the owner and his type, in this case it is noted that for the farm remains the main and only area of the peasant family [4], when, for example, in personal agriculture is a secondary area of employment and can still be defined as seasonal and year-round [8]. It is also worth noting the level of marketability of products, as according to this feature, personal agriculture is more consumer, but it can be commodity, which is expressed in the suburban area [8], and for the farm – only the commodity direction, as they are created as business organizations that receive a monetary reward for their own products [4]. The last among such important features we would like to highlight the location of land, as accordingly, for personal agriculture, land is located in the place of residence of the owner [8], while for farms such a possibility is absent [4].

The purpose of the study was to study the concept of "small farms registered as natural persons-entrepreneurs of the 4th group", to clarify its legal status and determine the effectiveness of state support for small farms in Ukraine.

Materials and Methods

Research in the field of analytical review of farms registered as natural persons-entrepreneurs of the 4th group was carried out through the study of theoretical and practical aspects of knowledge. First of all, qualitative research requires the disclosure of the theoretical aspect through a theoretical methodological approach that will help to identify the concepts, features and principles that determine the individual entrepreneur of the 4th group. Of great importance in conducting research in the field of studying the functioning of small farms was the method of economic analysis, which helped to identify and determine its mechanisms of relationship and corresponding changes in parameters, as well as measuring the parameters of influence of factors and their combination on certain changes. the studied sector.

It is also important in scientific work to use the formal-legal method, which helped in the analysis of legislative acts that determine the legal status and activities of natural persons-entrepreneurs of the 4th group. It is worth mentioning the use of such methods as the method of analysis and the method of comparative analysis, through which it is possible to highlight the direct impact of audit and accounting on the development and decline of small farms and compare indicators from an analytical standpoint. Such a method is important as a functional methodological approach, which helped to identify the key goal, objectives and goals of small farms in Ukraine, which are registered as a natural person-entrepreneur of the 4th group. Studying the full mechanism of small farms, it is worth noting the use of such methods as the method of deduction, which allows drawing conclusions about specific elements of this mechanism on the basis of determining the general properties of the mechanism, and the method of induction, which, on the contrary, allows drawing a conclusion about the mechanism of functioning of small farms in general based on the study of some of its partial elements. The application of the hypothetical method in research allows explaining specific phenomena based on the application of the deduction method, putting forward one's own scientific assumptions or hypotheses. The system method will allow connecting the considered elements connected with studying of the mechanism of functioning of small farms and combining them in one system.

Given the above, the main stages of the study were as follows:

1. The first stage is determined by the disclosure of theoretical aspects of the study, which consists in defining the concepts of "small farms" and "natural person-entrepreneur of the 4th group", defining the characteristics and principles of definition.
2. The second stage is to conduct an analysis to determine the legal status of small farms registered as natural persons-entrepreneurs of the 4th group and the practical activities of this sector in Ukraine.
3. The third stage, which is the final in the scientific work, determines the analysis to determine the impact of accounting and auditing on the development and decline of small farms registered as natural persons-entrepreneurs of the 4th group according to the analytical review of practical activities in this sector on the territory of Ukraine.

Results and Discussion

Notably, according to some scholars, such concepts as farms, peasant farms, labour and family farms are used to define the organisational activities of agriculture of the same type of direction and free enterprise. The variety of names to define one activity is conditioned upon certain local characteristics. The concept of "farming" is most characteristic of countries such as the United States, Britain, Canada; the concept of "agriculture" – for Germany and Ukraine. Within the activities of rural communities, there are both collective and individual forms of activity, and one of the forms of individual activity is the farm itself [9].

Despite the adoption of the relevant Law of Ukraine "On Farming" [4], which regulates this type of individual agricultural activity, still, the level of legal support is quite low explained by disregard for international experience and approaches used in practice by states-members of the European Union to determine the classification of the array of farms. For example, the world practice of developed countries defines a special threshold at which agricultural activity is considered not subsidiary but farming. Thus, in Denmark, such an identification threshold is an income of € 300 per year; in Germany, this threshold is considered necessary to determine this by keeping 3 cows, 5 pigs or keeping 1 hectare of arable land; In this regard, the United States sets this threshold at $ 1,000 per year [9].

It is worth noting the current policy of Ukraine in the agricultural sector, which aims to determine three strategic goals: achieving and ensuring state security in the food sector, supporting and directing development in the functioning of agricultural areas, and policy development of agricultural sector and management as a whole as a system of competitive and efficient directions in the domestic agricultural market and the external agricultural market. Such a strategic goal as supporting development in the functioning of agricultural areas is one of the most important; this is evidenced by the practice of the European Union, where it was separated from the structure of the Common Agrarian Policy and it was formed in the independent direction of the Rural Support Policy [10].

Similar provisions are also found in other strategic documents of state acts relating to the definition and management of activities in agriculture, its territories, the agricultural market, including its direct development. This, in turn, also applies to certain national programmes designed to develop certain important areas and activities to address large-scale problems, such as the Grain of Ukraine program, which operated in the period 2008-2015, the Irrigation Strategy and drainage in Ukraine for the period up to 2030, the Comprehensive State Program of Ukraine for Energy Conservation of Ukraine and others [11].

To achieve certain strategic goals for the development of the agricultural sector in general, it is worth noting such areas as creating conditions for protection and realisation of peasants' land rights, state support for competitive agricultural production through its integration and cooperation, creating favourable conditions for agricultural exports, state support for research to study the agricultural sector in general, support for public policy on the combination of national policy and regional policy for the agricultural sector, and introducing more modern mechanisms in the agricultural sector.

In the future, an important step is the study of the organisational and legal mechanism for the management of economic activities in farms. Notably, the constant process of reforming the economic sphere and the relations it regulates, the development and discovery of new forms of management have led to the development of such a sector as farms. The issue of detailed research to ensure a higher level of efficiency in this area in the economic segment will help solve a number of issues related to, in particular, increasing competitiveness, develop measures to adapt farms to the harsh conditions of the modern market, introduce new methods of reorganisation and study segment and identify new prospects for farm development [12].

If we distinguish the division of directions in the management of economic activities of farms, then in this case it is worth noting such areas as production, which is responsible for technology and technological support of production; production, which distinguishes control over the level of quality of ready-made products and the process of improving production; resource, which is responsible for providing the material and technical base of the production process and control over the efficiency of the use of provided resources; financial and economic helps to regulate the processes of accounting and taxation of farms; marketing is aimed at finding markets for the sale of manufactured products and monitoring the current market conditions; administrative, which assists in the organisational process of farms, regulates decision-making and monitors the consequences of decisions; security regulates the protection of property rights and the protection of property rights; analytical, which helps to develop certain strategies for further development and search for new directions of investment. Important in determining the effectiveness of the system in the management of the farm is the gross output of agricultural products, which has an impact not only on the agricultural sector but also on the further development of the economy as a whole. In this regard, it is worth considering the statistics of the main areas of farming, namely crop production and animal husbandry. Statistical indicators are given in relation to their definition in billions of hryvnias in gross output (Fig. 1).

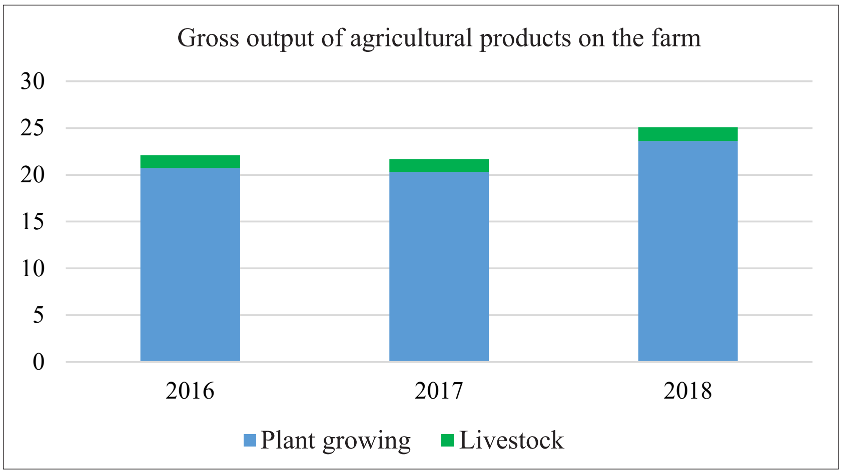

Figure 1. Gross output of agricultural products on the farm

Source: [13]

These statistical indicators allow tracking what are the main types of products on the farm in the structure of cash inflows to gross output. It also allows tracking one of the most important performance indicators, namely the cost of production. Conditioned upon this indicator, it is possible to track the amount of resources in the production of certain products and the economic profitability of their use. For example, according to data for 2016, the use of resources for crop production brought to the gross output of 20.7 billion UAH, in 2017 – 20.3 billion UAH, and in 2018 – 23.6 billion UAH [14] . Considering the indicators on the use of resources for the production of livestock products, the gross output of production in 2016 was 1.4 billion UAH, in 2017 – 1.4 billion UAH, and in 2018 – 1.5 billion UAH [13].

These indicators allow drawing certain conclusions about the development of productive products by farms, namely that in the study period it has developed significantly conditioned upon effective management of the industry, proper allocation of resources, which resulted in 8.7% of agricultural production in 2017 [15]. Effective management of farms is possible only with the principles of organisation of activities and the development of management methods for the sector, its functions, organisational structure and the system as a whole.

The most common and effective management system is one that consists of two main elements, one of which is dominant and exerts its influence on the other, while the other – perceives this influence. That is, in other words, a management system that has an object and a subject of management that function in interaction with each other. Considering this in the spectrum of the study of the management system of the farm, it is distinguished as the object of property and property rights, the subject – a person who carries out management activities [16].

The mechanism of the management system, in general, should include norms and standards that can create the preconditions for determining the structure of management, options for incentives for tangible and intangible workers, the distribution of responsibilities between employees involved in management, and determining the number of employees. The establishment of the management system of the farm must meet certain requirements that must ensure the independence of the enterprise in choosing measures to determine its activities, optimise costs for production to increase margins, respond quickly to changing conditions to modern market requirements, use modern technical means to optimise the production process, and to meet the appropriate level of products in terms of market demand for these products [17].

If we consider the principles on which the process of farm management should take place, we should single out such as the principle of incentives, the principle of free choice of strategy, the principle of comprehensive management of competitiveness, the principle of consistency in the organisational process, the principle of selection of production products according to the current market, and the principle that determines the orientation of the production process to obtain the final result. However, if we consider the issue of separating the main functions in the management of farming, it is necessary to note the control over the level of competitiveness of products and actions to improve this level, creating a system of organisation in management functions on the development of an effective system of control process and reproduction of processes for continuous analysis and planning of certain measures to increase the level of competitiveness [18].

Considering and analysing the current legislation, it states that the function of creating and state registration of the farm is a legal entity, which indicates the impossibility of forming a system of organisation, which means the process of organisation, planning, implementation and control function to achieve the interaction between human resources and material resources, which is necessary for the effective functioning of this activity and the achievement of goals and objectives. This is stated in the provisions of the Civil Code of Ukraine, namely in Article 80, which states that a legal entity is an organisation established and registered in accordance with the procedure established by Law [19]. If we turn to the Law of Ukraine "On Farming" [4], according to the legal norms, there are three stages in the creation of farms. First, it is a preparatory stage, according to which the constituent document is drawn up, according to which a certain land plot is registered for further farming. Then there is such a stage as registration, which indicates the process of state registration of the farm as a business entity. The last stage of development is considered to be organisational, which indicates the registration of the business entity in the tax service, statistics services and other government agencies, and opening a current account in a banking institution [4].

The right to establish a farm is stated in Article 5 of the Law of Ukraine "On Farming", which stipulates that every able-bodied citizen who has reached 18 years of age and has a desire to establish such a farm has such a right. It is important that the right to establish a farm should have not only citizens with general legal capacity, but also special, ie land legal capacity [4]. Noting the mandatory conditions for determining such legal capacity, it is considered to be 18 years of age and citizenship of Ukraine, and noting the optional component, according to the provisions set out in the Land Code of Ukraine, namely Article 118, it is availability of the acquired level of education in a specialized educational institution, ie an agricultural educational institution or the presence of experience in the field of agriculture [20].

Highlighting the shortcoming of the current legislation on the legal definition of the farm, it should be noted that the regulations do not contain special rules on the entry and admission of entities to the members of the farm; the norm that establishes, but does not specify this process is contained in the provision of Article 1 of the Law of Ukraine "On Farming", according to which it is established that the order of entry and acceptance and exit from the farm is in accordance with the charter.

However, despite the shortcomings considered, farming compared to the situation from 2015 to 2020 has undergone great development and expansion. In this regard, it is worth considering the statistics compiled in accordance with the data of the Unified State Register of Enterprises and Organisations of Ukraine as of December 1, 2020 (Fig. 2).

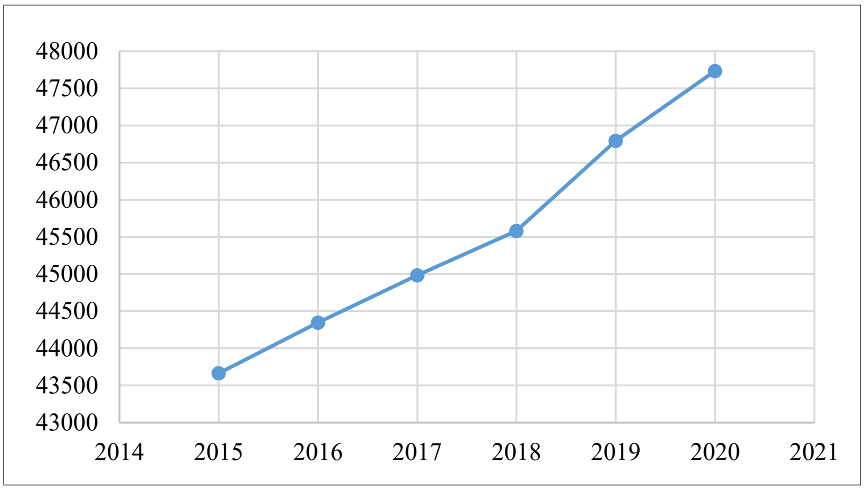

Figure 2. Development of farms in the period 2015-2021

Source: [10]

These statistics allow tracking the development of farms in Ukraine in the period from 2015 to 2020, which indicates that in this period their number increased from 43,665 to 47,735. The dynamics of increasing the number of farms is an important indicator for determining the development of a farm in Ukraine as a whole as a competitive participant in the agricultural market. One of the reasons that created the conditions for such development is the provision of appropriate conditions for the development of small and medium-sized agricultural enterprises, in particular, in the direction of developing such a policy on farming.

However, despite the fact that the total number of farms has increased, in some regions of Southern Ukraine their number has decreased. For example, compared to 2018 to 2016, the number of farms in the Kherson region decreased by 5.5%, in Mykolaiv – by 3.5%, in Odessa – by 8% [13]. The main reasons for this decrease are the poor quality of their own material and technical base, the difficulty of access to new technologies, breeding, the difficulty of gaining access to plant protection products, and other reasons related to limited access to credit and lack of working capital funds. It is for these reasons that the share of farms in the total structure of gross agricultural output is insignificant, ranging from 6 to 9% per year.

It is proposed to consider the effectiveness of the sector of farms in different countries to identify ways to improve the further development of farms in Ukraine. Thus, highlighting the policy of Eastern Europe, it is worth noting the trend of development of small peasant farms of the commodity type. The average size of the peasant economy in such countries is from 4 to 8 hectares. In Greece, the average farm is 4 ha, in Italy – 6 ha, in Germany – 18 ha, in Belgium – 15 ha, in Denmark – 32 ha [21]. However, a characteristic feature of these countries is the production of the bulk of agricultural products for large farms. It is also important to note that most of these farms exist through government subsidies, which in the European Union account for about 50% of subsidies for agricultural products [21].

Considering the policy of world countries on the development of farms, it should be noted that in the United States the market mechanism is based on prices that can best reflect the supply and demand for these products, and government intervention in pricing is minimal. Although the farmer is less protected in United States politics than in the European Union, the efficiency of agriculture in the United States is higher than that in agriculture in the European Union.

In French politics, farming is defined as the most occupied territory; the provision of financial assistance to farm entities is determined by the need to achieve a level of self-sufficiency in basic products. As for the policy of Great Britain, it is more widespread medium-sized farms, which are characterised by high culture, in contrast to the policy of France and the United States. The government does not provide financial assistance to farms, but despite this, in the UK, farming is defined as a reliable business with a low degree of risk to the invested money.

The analysis of the policy of developed countries in the farming sector will identify ways for Ukraine to further develop farming through state support of the sector, improve tax policy, financial and credit mechanism, and regulate the agricultural market. Further considering the issues of accounting and auditing, according to Article 28 of the Law of Ukraine "On Farming" [4], the farm is obliged to conduct accounting and auditing of its own activities, prepare financial reports, statistical reports and others. reporting on the activities carried out since the registration of the farm and its liquidation. Implementation of activities in the direction of accounting and auditing in the farm is based on current legislation, namely in accordance with the Law of Ukraine "On Accounting and Financial Reporting of Ukraine", the Tax Code of Ukraine, the order "On Accounting Policy", accounting standards and auditing and in accordance with other regulations governing this activity [22].

It should be noted that the issue of accounting and auditing of small farms has its own characteristics. First, since the activities of the farm are aimed at carrying out activities in the field of agriculture, the accounting and auditing should consider all the specific features of the accounting nature of agriculture. Secondly, accounting should be as simplified as possible, as usually in a farm the head or one of the members of the farm is not well enough understood in the accounting process. And the last is that the process of farming is characterised by the implementation of specific management operations, which in other forms of entrepreneurial activity are not carried out often enough; among these, it should be noted that farm owners do not invest in property, but the right to use property, in particular, the right to own property and use land, buildings, structures and other property rights granted to owners and members of the farm; for members of the farm, they are paid a share withheld from economic income instead of wages [23].

In general, there are such forms of accounting and auditing on the farm as simple, characterised by keeping a log of accounting, auditing and costs; simplified, which is determined by keeping a log of business operations, keeping records of fixed assets, production costs and calculations; according to the simplified plan, characterised by keeping the main journal; general, determined by keeping an order journal with the use of specialised accounting programmes.

Noting the small farms registered as natural persons-entrepreneurs of the 4th group, conduct accounting and audit in accordance with the Guidelines for the use of accounting registers of small enterprises No. 720, which determines the system of registers, procedure and method of registration with summary information regarding the non-application of double entry in them [24]. This indicates that accounting and auditing in farms of the 4th group is conducted in a simple form. According to the accounting and auditing in this form, the main register is the Book of income and expenses, which registers the primary documents for certain types of income and expenses to determine the results of economic activity. Regarding the availability of sources and means of education, the Book of income and expenses does not reflect them. To compile the balance sheet usually use inventory description data, which indicates the availability of information about the accounting that occurs in the main way and the presence of certain values. If the owner identifies a desire, it is possible to keep records and audit of certain types of liabilities by using the Accounting Information in accordance with the relevant sources of data of certain types of liabilities and groups of assets [25].

Having considered the issue of determining the legal status of farms and the organisational mechanism of accounting and auditing in the field of study, it is necessary to identify its direct impact on the development and decline of the farm. First of all, I would like to consider the problems that arise during accounting and auditing and their impact on the further development of such a business sector as small farms, registered as a natural person-entrepreneur of the 4th group. Noting that the Law of Ukraine "On Farming" provides a wide range of rights and opportunities for businesses, it strongly influences the implementation of accounting and auditing, which, in turn, affects the functioning of this type of business [4]. If we consider the issue of identifying problems of accounting and auditing, it should be noted first about the disorder of a large number of registers, which makes the process of processing them quite complex and time-consuming. In the future, it is worth noting such a problem as the lack of a methodology in general to determine the main indicators to be focused on in the field of farming, such as revenue, profit, gross income and other characteristics [26]. In general, there is also a problem such as the lack of full control over costs, explaibed by the fact that accounting and auditing is carried out by unqualified specialists, as well as the fact that there is a distinction between objects of accounting and auditing, which include field, office building, buildings and others. Another important issue is that the inventory process is untimely or non-existent. In view of this, there is a need to identify ways to improve the farming sector for its effective impact on accounting and auditing.

In accordance with the above, it is necessary to strengthen control and supervision in the field of analysis of operations that may affect the organization of production costs on the farm, as this will allow for timely identification and detection of their error in accounting and eliminate these errors accordingly. to the requirements of current legislation. It should be further noted that the inventory process needs to be simplified, as it has been adopted for large agricultural enterprises; with regard to this process in full of all tangible assets for the farm, it should be carried out once a year – as of September 1 of each year, as in this period agriculture has the lowest stocks of own products since last year. Another important change in improving the efficiency of accounting and auditing in the farm will be due to the revision and revision of the Guidelines, as they do not contain a clear distinction between activities such as farming and personal farming. As a large number of farms do not carry out any operations to reflect future income and expenses, the need to use accounts 39 "Deferred expenses" and 69 "Deferred income" is eliminated [27].

R. Andrushko and Z. Myronchuk [28] pointed out that to increase the development of the farm conditioned upon the impact on accounting and auditing, it is worth noting the process of digitalisation of these processes. In today's European integration, the problem of a well-established management accounting system is important, which can occur conditioned upon the synchronisation of accounting data, resource provision of this system, integrated management for rational decision-making. Therefore, the introduction of ERP-technologies in the process of accounting and auditing will greatly facilitate the management of this system. Further development of holistic farming practices will help to create a post-natural world, which in turn will help increase current yields and create a new value chain that will be based on big data. It will also help to streamline the process of sowing, watering and harvesting. Accordingly, the process of digitalisation of accounting and auditing will help bring the current state of the farm to major changes, which will meet the modern conditions of a progressive society with the use of information and communication technologies.

Conclusions

Having conducted research in the field of small farms and the impact of accounting and auditing on this type of business activities were performed, identifying the theoretical and practical content of this issue according to the analysis of current legislation and the current situation in the sector as of 2021.

First of all, highlighting the theoretical component of the study, the very concept of "farming" was identified, according to which the study identified that the type of activity as such is a form of entrepreneurial activity of citizens with the creation of a legal entity, who have expressed a desire to create and produce agricultural products, to engage in the process of selling these products and, accordingly, to make a profit on certain land plots that were provided to them for farming. Also in relation to the theoretical component, the difference between such concepts as "farming" and "personal agriculture" was considered.

Further, the normative legal acts [29] regulating the ac-tivity of a farm were considered. The conditions for acquir-ing this right to engage in farming were determined, which is that the mandatory conditions for determining such legal capacity is the achievement of 18 years of age and citizen-ship of Ukraine, and noting the optional component, it is the availability of education in a specialiied educational in-stitution, ie an agricultural educational institution or the presence of experience in the field of agriculture.

The most important stage of the work is the analysis of the current legislation of Ukraine on the separation of accounting and auditing in the field of farming. In this re-gard, the content of the Law of Ukraine "On Accounting and Financial Reporting of Ukraine" the Tax Code of Ukraine, the order "On Accounting Policy", accounting and auditing standards and in accordance with other regulations governing this activity.

The impact of the accounting and auditing process in the research activities related to the identification of prob-lems in the farm was also identified and recommendations were proposed in order to eliminate them and increase the current level of efficiency of the sector.

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Аналітичний огляд малих фермерських господарств України, зареєстрованих як фізична особа-підприємець 4-ї групи: Вплив особливостей бухгалтерського обліку та аудиту на динаміку їх розвитку та занепаду станом на 2021 рік

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Анотація. Актуальність проведення наукової роботи полягає у тому, що саме дослідження малих фермерських господарств дозволить сформувати систему сільськогосподарського підприємництва, що стане основним напрямом у розвитку сільських територій та дозволить вивести місцеву економіку з певного депресивного статусу. Метою проведення дослідження є вивчення теоретичних та практичних аспектів, які допоможуть детальніше ознайомитися з питанням щодо визначення поняття «малі фермерські господарства, що є зареєстрованими як фізична особа-підприємець 4-ї групи», визначенням правового статусу цих малих фермерських господарств та проведенням аналізу щодо практичного втілення діяльності цього сектору на території України. Основними методологічними підходами, завдяки яким можливо розкрити теоретичний та практичний зміст вивчаючої теми є саме теоретичний підхід, монографічний метод, формально-юридичний метод, метод порівняльного аналізу, функціональний методологічний підхід, метод економічного аналізу, метод дедукції, метод індукції, а також гіпотетичний та системний методи. Унаслідок проведеної роботи щодо вивчення малих фермерських господарств України, що є зареєстрованими як фізична особа-підприємець 4-ї групи був досліджений механізм реалізації фермерського господарства загалом, проаналізовано завдяки статистичним даним специфіку реалізації діяльності вивчаючого сектору та зроблено порівняльний аналіз реалізації сектору фермерських господарств на території України та зарубіжних країн. Виявлені теоретичні та практичні аспекти в результаті проведення дослідження допоможуть у проведенні аналізу щодо визначення впливу особливостей, що виникають під час проведення бухгалтерського обліку та аудиту на розвиток та занепад сектору малих фермерських господарств України, що є, безпосередньо, зареєстрованими саме як фізична особа-підприємець 4-ї групи

Ключові слова: організаційно-правова форма, аграрний ринок, інтеграція фермерських господарств, державна підтримка, проведення аудит

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